Costs double in

Bonn-Paris

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World news

Senate curb on Gulf escorts

The US Senate voted 91 to 5 to stop RENAULTS sale of its 48 per cent

flags on 11 of Kuwait's 22 tankers carrying oil and to escort them through the region.

200 banks 'will fail' A record 200 US banks are expected to fail this year, the Federal Deposit Insurance Corporation said. Page 4

Gold ban lifted France abolished a ban on resi-

dents importing or exporting gold

UK elections

A STATE OF THE PARTY OF THE PAR

ALISTRALIA

- 450

Britain's Conservative Party will try to gain the initiative today in the general election following the first week of the campaign in which the Labour Party has increased its opinion poll rating. Page 6; Cam-palgn reports, Pages 19 and 11

Soviets warn US

The Soviet Union said a US navy cruiser had intruded twice into its territorial waters near Avacha Bay on the far-east Kamchatka penins la this week, and it has told Washington this could have "very serious"

Iraqi compensation

Iraq said it would offer compensa-tion to families of the US sailors killed in the Gulf attack on the fri-

Machel sabotage' Spoke - wife for the diving radio beacod caused the ain dent Samora Machel and 33 other people were killed last October, the Soviet Union said.

Sri Lankan polls

Sri Lankan Prime Minister Ranashinghe Premadasa said local elections would be held this year despite ethnic conflict on the island and presidential and parliamentary elections due in 1989 would not be

Contra hearings

Congressional investigators at the broker Page 49 lran-Contra hearings in Washington tried to demonstrate Presiden Reagan's involvement with private fund-raising efforts for the Nicaraguan rebels. Page 4

Bratwurst rules

West Germany's Parliament turned down an offer by the MacDonalds hamburger chain to substitute Big Macs for bratwurst in a Bundestag inst-food shop.

india death toil

The death toll in Hindo-Moslem riots in north India rose to 47 after fresh violence in Meerut. Five people were killed and eight died of unds sustained in previous riots. Mobs burned houses and shops.

EC AIDS grant

iropean Community governments adged Ecu Jim (\$41m) in grants for a proposed programme to fight the AIDS disease in the Third

N-plant leak

A nuclear reactor belonging to the European Commission at Petter In-the Netherlands was closed down briefly after a leak of radioactivity.

Palestinians jailed

Two Palestinian guerrillas were sentenced to life imprisonement in Vienna after each was convicted of two murders and 12 attempted murders during an attack at Vienna airport 17 months ago.

Business summary

AMC deal clears major hurdles

The US Senate voted 91 to 5 to stop
the Reagan Administration implementing a scheme to protect Kuwaiti tankers until it submitted a
full security plan for US and allied
forces in the Gulf region.

Senators voted for a full report
before the US implements an agreement with Kuwait to put American
flags on 11 of Kuwait's 22 tankers Romeo to manufacture the Arna model. Page 29

WALL STREET: The Dow Jones industrial average closed up 9.90 at 2,225.77. Page 52

LONDON: Nervousness over the latest UK opinion polls overcame the positive effects of a firmer Wall Street and equity prices took a fur-ther tumble. The FT-SE 100 index closed 20.3 down at 2,153.7, while the FT Ordinary index fell 13.1 to 1,677.7. Details, Page 48

TOKYO: Small-lot buying of large capital stocks and those related to domestic demand pushed prices sharply higher, and the Nikkel average ended 33441 points up at 23,754.01. Page 52

GOLD fell \$7.25 on the London bullion market to close at \$470.00. It also fell in Zurich to \$469.45 (\$476.75).

DOLLAR closed in New York at DM 1.7765, SFr 1.4570; FFr 5.9425 and Y140.85. It rose in London to DM 1.7770 (DM 1.7770 (DM 1.7745); to Y140.45 (Y139.80); to SFr 1.4590 (SFr 1.4540); and to FFr 5.9475 (FFr 5.9350). On Bank of England figures the dollar's exchange rate inde rose 0.5 to 100.2. Page 45.

STERLING closed in New York at \$1,6800. It fell in London to \$1,6795 (\$2,6835); and to FFr 9,9875 (FFr 9,9825); and to SFr 2,45 (SFr 2,4475). The pound's exchange rate index remained unchanged at 73.7. Page

AUSTRALIAN financier, Mr Robert Holmes à Court, has emerged as the mystery buyer of Texaco shares and disclosed that he spent close to \$500m acquiring a 64 per cent

BRAATHENS SAFE, Norway's biggest private airline, placed a \$2.1km

new and expand its fleet. Page 5 CDF-CHIMIR, the French stateowned chemicals group, is holding talks which could lead it to taking over control of La Grande Paroisse another chemicals concern. Page 30

FIREMAN'S Fund, the big US insurance group, and a group of its subsidiaries have acquired a 10.9 per cent stake in Alexander & Alexander Services, the US insurance

KLECTROLUX of Sweden, world's leading household appliances group, reported a 5 per cent in-crease in profits even though sales surged by 71 per cent in the first quarter. Page 28

PREMIER GROUP, South African foods producer indirectly controlled by Anglo American, boosted pre-tax

profits 75.3 per cent in the year to March to reach R153.9m (\$77.5m).

SPAGRAM, the world's largest drinks company, believes the long decline in North American demand for spirit has finally ended. Page 49

MITKI, the loss-making Canadian telecommunications equipment maker acquired by British Telecom last year, has approached break even point in operations, but continues to pay heavily for past mis-

COMPANIA Telefonica Nacional de Espana, semi-state Spanish telephone monopoly, announced plans phone monopoly, amendment plants to launch a risk capital venture bringing in private sector shareholders and aimed at developing advanced-technology industries. anced-technology

SCHINDLER, Swiss lift manufacturing group, plans to raise up to SFr 210m (\$145m) in new participation certificate capital to buttress an ambitious diversification programme. Page 30

BCI HOLDINGS is to split its sole subsidiary into two companies via an initial public offering for its re-maining non-food businesses and some speciality food lines. Page 29 | than 890 on the 3.7m Burlington through operational cash flow or

Chase drops \$200m note issue amid banks' uncertainty

BY ANATOLE KALETSKY IN NEW YORK

largest US banking group, yester-day cancelled a planned capital raising exercise, in the first concrete indication of the differences of opinion emerging in the US banking community about whether to follow Citicorp's initiative in setting aside huge loss reserves against its loans to the Third World. The Chase decision to postpone indefinitely a market offering of \$200m in 12-year subordinated capital notes was due, the bank said, to when management is seriously con-uncertainties in the marketplace sidering whether to follow in Cittal notes was due, the bank said, to resulting from the significant announcement by a major bank holding company on May 19." This was the day when Citicorp, the biggest US bank, resolved to boost the loss

CHASE MANHATTAN, the third

provisions against its Third World ending by \$3bn, at the expense of dented loss, estimated at \$2.5bn before tax in the current However, the real concern behind Chase's announcement was not about the stock market's reaction to the Citicorp initiative, which has ing marketed to investors, Bank of generally been positive. In fact, the stock market's enthusiasm for Citicorp shares, which rose another

a mjaor factor contributing to the pressure on other leading banks to follow suit and bolster their rehave postponed its offering because

BY ANN CHARTERS IN SAC RAULO

cal president, who blamed the Sar- in 1981.

ney Government for creating a "eri-

Mr Sauer warned that unless Brazil was able to inspire confi-

dence that it could pull itself out of

its present economic difficulties,

the crisis could lead to industrial

In a hard-hitting criticism of the

paralysis in government, the Volks-

wagen executive warned: "Worse

than the economic crisis is the cri-

sis of confidence" in the country.

Mr Sauer, a naturalised Brazil-

ian' was speaking to financial ex-

He cited Brazil's economic prob-lems and inflation rising at 20 per

and social chaos.

\$2% to \$55% yesterday, is becoming

Japanese banks, with loans to less developed countries of about \$60bb, are likely to renew their campaign for larger tax concessions on had loan writes-offs following Citicorp's move to add

necessary legal assurances about its current profitability, at a time icorp's footsteps and add substantially to loan loss reserves.

In contrast, Bank of America, the second largest US banking group, is going ahead this week with a \$100m note offering, after saying explicitly on Wednesday that it was "not aware of any developments which would produce a need for adjust-

By issuing this statement at a time when its new capital was be-America has probably foreclosed the option of major reserve-strengthening in the immediate future. Although Chase spokesmen stressed that the bank had not actually decided to follow Citicorp in adding to its reserves, its action in erves. cancelling the note offering yester-Rather, Chase is understood to day is likely to create an expectation of some such action in the it could not give underwriters the stock market.

VW postpones \$150m

Political squabbling in the past

few months over ministerial ap-pointments and the length of Presi-dent Jose Sarney's term in office

have undermined the president's authority and pushed pressing eco-nomic decisions to the sidelines.

Mr Bresser Pereira, the new Fi-

nounce an economic programme

Mr Sauer said it was essential

that the full authority of the presi-

dency should be restored to solve

the country's economic and political

The Government should then

within the next few weeks.

investment in Brazil

Chase's share price rose \$1% to \$36 yesterday morning, along with several other leading bank stocks, including even Manuf over Trust, the US bank which is most seriously enmeshed in Latin

In contrast to BankAmerica, fanufacturers Hanover said on Wednesday that it was reviewing "intensely" the option of reserve strengthening in the wake of Citi-corp's action. By yesterday hunch-time Manufacturers Hanover shares were up \$% at \$39%, while BankAmerica remained uncha

As bankers and investors in the major US money centres continued to ponder their responses to the week's events, the monetary au-thorities in Washington moved to close ranks behind the Citicorp initiative after some early signs of dissention in the immediate aftermath of the bank's announcement.

Despite criticisms voiced private ly by some government officials, who were concerned that Citicorp was breaking ranks with other banks and might be undermining US efforts to orchestrate the world's response to the debt crisis, Mr James Baker, the US Treasury Secretary stated firmly on Wednesday night that he saw Citicorp's re as "a positive step."



Mitterrand supports double

zero option

FRANCE'S President, Mr François Mitterrand, yesterday revealed that he favoured the Soviet "double zero option" proposal for removing both shorter and longer-range US and

It is the first time President Mitposition on shorter-range weapons between 500km to 1,000km), although his officials have long said he supported such an accord - in part because European public opinion would find it hard to understand a rejection of the current Soviet dis-

He made the remarks in an inter-view with West German television

While expressing his personal preference for the double zero option, the President nonetheless emphasised that he did not want to pre-empt any West German deci-sion and that a priority was still to obtain a European consensus.

However, his disclosure brings VOLKSWAGEN has postponed a cent a month as clear signs that the move quickly to reach an agreesistem investment to modernise its country was entering "a tunnel of production lines in Brazil this year amid criticism by Mr Wolfgang Saner, the multinational carmaker's lothe multinational carmaker's lothe first interpendent vermove quickly to reach an agreemove quickly to reach an agreemim closer to the position outlined
by Mrs Margaret Thatcher, the
move quickly to reach an agreemim closer to the position outlined
by Mrs Marg to the views of Mr Chirac and Mr finance investment in basic infrastructure such as electricity

Presidential officials yesterday were keen to play down the difference of views, emphasising that at this stage no firm positions were being adopted. This was seen as a yesterday approved a cut from 30 per cent to 15 per cent in the comreference to Mr Kohl's remarks last reek proposing that weapons below the 500km range should be considered in the disarmament talks. nance Minister, is expected to an- sterday represented 70 per cent of

Continued on Page 28

Soviet missiles from Europe.

terrand has indicated publicly his ment proposals.

on the first day of the Franco-German summit. Mr Mitterrand met Chancellor Helmut Kohl yesterday afternoon for talks devoted exclusively to disarmament. Afterwards. the Chancellor saw Mr Jacques Chirac, the Prime Minister, who said the two countries were moving towards a common position.

Kohl.

Soviet satellite offer, Page 3

helicopter deal

WEST GERMANY faces total costs in 1993. The aircraft, originally of around DM 9bn (\$5.08bn), more planned to be offered in three verthan twice as much as originally es- sions, has now been reduced to a timated, under the much-delayed single concept, technologically plan due to be finally approved this much more sophisticated, meeting summer to build a joint anti-tank both German and French military helicopter with France.

The cost overrun will place more pressure on the defence budget, able by 1997 at the earliest. This is a which already faces a squeeze from decade later than the date envithe Finance Ministry in coming saged when the project was first

The Defence Ministry has come in for regular parliamentary criti-cism over the PAH-2 helicopter during the last two years. It is preparing to defend the latest cost escala-tion on the grounds that the project strengthens West Germany's over-upgrade older PAH-1 helicopters on all defence and security relation-

ship with France. Bonn and Paris are determined to go ahead with the project both to ploring two other possible interim overcome a series of arms collaboration setbacks earlier in the 1980s and to bolster their countries' helicopter industries, centred on Messerschmitt Bölkow Blohm and Aer- atus - or to buy outright between 50

ospatiale, against US competition. The Bonn Defence Ministry still hopes to reduce some elements in the latest cost projections before a are still only at a preliminary stage, final meeting on the matter be-involve as the German industriel tween the two countries' defence partner the family-controlled Leitz ministers probably in July. Bonn is also trying to interest

other European countries in joining the project as a way of reducing The helicopter, first agreed be-

If the deal were to be agreed, it tween Paris and Bonn in May 1984, was then intended to go into service

would represent a major break-Continued on Page 28

But it is now planned to be avail-

To bridge what could become a

serious gap in its defences during

the 1990s against the Soviet tank

threat, West Germany is negotiat-

an interim basis before the PAH-2

The Defence Ministry is also ex-

solutions. These are to equip the

PAH-1s with French night-flying

equipment - viewed at present as

less suitable than the Israeli appar-

and 60 Apache A-61 military heli-

The Israeli negotiations, which

optical company. The talks were

confirmed by the state-owned Israe-

li Rafael Armaments Development

Authority in Haifa yesterday.

able by 1997 at the earliest. This is a

mooted in the 1970s.

becomes available.

copters from the US.

Shell plans chemical complex in Germany

BY TONY JACKSON IN LONDON

polypropylene piant. Shell's present West German operations are run jointly with the

West German company BASF. Deutsche Shell Chemie, Shell's West German chemicals subsidiary, said it had bought a 540,000 sq m site at Cologne-Wesseling next to Rheinische Olefinwerke (ROW), the joint venture between Shell and BASF which runs one of Europe's

biggest petrochemical crackers.

It is believed that up to nine plants are being considered for the

SHELL International, the world's site, although Shell said yesterds; biggest petrochemicals producer, is it was "much too early" to discuss the others.

The polypropylene plant, due for completion by the end of 1988, will have a capacity of 120,000 tonnes a plied from the ROW cracker and from Shell's refinery at Cologne. The cracker, still being rebuilt after an explosion in January 1985, is due to restart later this year.

The plant will add 10 per cent to Shell's worldwide polypropylene ca-pacity, currently 12m tonnes, and increase its European capacity by about a third. Shell claims to be the world's second biggest producer of polypropylene after Himont, the joint venture between Hercules of

Burlington fends off hostile bid with \$2bn leveraged buy-out

BURLINGTON INDUSTRIES, the world's largest textile company which has been under threat of hostile takeover, said yesterday it would go private in a \$2.07bn leveraged buy-out that will drastically

reshape the company. ing in corporate liquidations.

pected him to accept Morgan Stan-ley's offer and reap a profit of more

Mr Edelman, in partnership with Dominion Textile of Canada, bid \$72 a share or \$1.96bn, for the Greensboro; North Carolina compa-

shares owned by the partnership. Mr Frank Greenberg, who is ex-sected to remain as chairman and chief executive of Burlington, said:

The buy-out, which is the largest loan from a syndicate led by Bankers Trust. Morgan Stanley said it wage countries.
would put up the remainder in the "Burlington is

"We are very comfortable with management, said Mr Robert Greenhill, head of investment bank-

ing at Morgan Stanley. In a leveraged buy-out, public shareholders are bought out with ing a strong operating environ borrowed funds, which are repaid ment."

proving earnings this year. Burling-

BY JAMES BUCHAN IN NEW YORK

The buy-out at 576 a share by a group led by Morgan Stanley, the blue chip investment bank, appears to close a bitter struggle between the company's management and a partnership led by Mr Asher Edel-man, a New York investor specialis-

Mr Edelman, who twice raised his bid from an initial \$60 a share, would not comment. Analysts exAnalysts say that even with im-

and steel.

In an apparent response to Me Sauer's criticisms, the Government

Direct and indirect taxes until ye-

the final retail price of Brazilian

cars, the most expensive in their ca-

Volkswagen is continuing with

\$250m investment to maintain its

production lines, but says the cut-

back is necessary because the mo-

tor industry is operating at a loss

tegories in the world.

pulsory tax surcharge on cars.

"We believe that we have fulfilled \$2.78bn last year, will need to make our commitment to maximise value substantial disposals to pay down to our shareholders." Before the the acquisition debt. partnership started building its "We're going to look at the restake, Burlington's shares traded at tructuring of the business," said Mr

Burlington has spent more than arranged by Morgan Stanley, will \$25n in the past 10 years modernis-be financed in the form of a \$1.85bn ing its production to compete with apparel fabric imports from lower-

Burlington is just beginning to form of a bridging loan and equity.

Senior management will be offered an equity stake.

reap the benefits of its billion-dollar modernisation and restructuring programme" said Mr Greenhill and modernisation and restructuring programme" said Mr Greenhill and Mr Donald Brennan, head of merchant banking at Morgan Stanley "It is also now the market leader and low-cost producer at a time when the textile industry is enjoy-

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KIM LOOKS FOR FIRM FRIENDS IN CHANGING WORLD

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Rim II Sung's visit to Beijing signals a relaxation of North Korea's isolationist

Norway and the EC: beginning to feel Peru: Garcia survives strike challenge 4 Management: service economy no pana-Technology: Japanese bend the rules on the behaviour of light 12 Editorial comment: asset prices and inflation; new moves in the chip war . . . 26 Lex: BMW; C. E. Heath; Burlington . . 28 Sweden: survey Section III

IF YOU'VE GOTTHE WE'VE GOT THE SORC

SWINDON ENTERPRISE THE PROFIT BASE.

🛊 YOUNG, DYNAMIC AND VERSATILE WORKFORCE 🖭 LOV

AROUND ONE FIFTH CENTRAL LONDON'S 2. LONDON 50 MIN'S PRIME M4 CORRIDOR LOCATION - LONDON 90 MINS

EXCELLENT ADVANCED COMMUNICATIONS A OUTS TO FOR THE FULL STORY, CALL CHRISTOPHER GIBAUD ON

THAMESDOWN BOROUGH COUNCIL HAS A RANGE OF SITES

Norway fearful of losing its say in Western affairs

BY WILLIAM DAWKINS, RECENTLY IN OSLO

NORWAY'S CHANCES of making its voice heard in the West will be strictly limited unless it steps up joint foreign policy efforts with the European Community, writes William Dawkins.

That is believed to be the main conclusion of a White Paper on relations with the EC due to be presented today to the Norwegian Storting (Parliament) by Oslo's minority Labour Govern-ment. While the paper stops short of inviting the question of whether or not Norway should apply for EC member-ship, it does call for much closer economic and political closer economic and political

debated until next spring, when political parties will be preparing their programmes

for the 1989 general election. Community membership has been a highly sensitive question in Norway since a heated voted against joining in 1972.

The report is understood to highlight how Norway now faces important new challenges from the fact that the EC has doubled in size and grown more stable and

blocked by Britzin — also presents Norwegian business with key opportunities, says influential since the 1972 Officials say it calls for more involvement in the EC's increasingly close system of co-ordinating member states'

The possible establishment of an EC delegation in Oslo will help, but the report also recommends the establishment of a national commission to help companies and industrial groups to fellow up and adapt to EC measures.



ts to cut back on agriculture? A tent by Norway's Farmers Union gives residen to its fears about the risks of

BY WILLIAM DAWKINS, RECENTLY IN OSLO

Oslo casts the Community runes

NORWAY TODAY takes the first step towards reviving an issue which only 15 years ago brought its normally placid citizens to the brink of civil war: whether to apply for EC membership.

The minority Labour Government's implicit rement of Mrs Gro Harlem Brundtland will today place before parliament a 120-page White Paper on relations with the Community. While seeming ly uncontroversial, it is Oslo's membership issue which and political parties to have a formal position on the EC.

But today's paper is evidence of the Government's implicit recognition, shared by some of its opponents, that the question of country's rich oil and gas reship cannot be ignored for much longer.

Norway is not alone among the six members of the European include the trade disadvantage of having to submit to anti-pression in reassessing its EC links. But

the Community. While seemingly uncontroversial, it is Oslo's pean rree Trade Association in staunch pro-European. First review of its stance towards the EC since the populace voted narrowly against membership in a referendum in 1972.

Then, the debate opened pean rree Trade Association in reassessing its EC links. But if it should apply to join—and the likelihood is that it will in the next decade—its prosperity of being left out of the of a free EC internal it is likely to be more welcome a project of key important than most Departs here are a country which in the staunch pro-European.

He can point to the diage, felt by all Efta more being left out of the off a free EC internal a project of key important than most Departs here.

Then, the debate opened than most Denmark was made traumatic splits within political no secret of the fact that it parties, the trade union movement and among ordinary peo-while the other northern mem-

He can point to the disadvantage, felt by all Efta members, of being left out of the creation of a free EC internal market, a project of key importance to a country which seends 70 per cent of its exports to the Community. The need of manu-facturing industries for better

foreign policies and adds that

adapting to the Community's measures to create

genuinely free internal mar-ket is a necessity. The Com-

munity's joint research programmes — currently being

of having to submit to arti-dumping regulations — which apply to a quarter of the coun-try's industrial exports — and the desirability of gaining access to the EC's joint research programmes, which Norway seems to value more highly than some of the existing mem-her states. ber states.

Industrial loobyists arguments have had a sympathetic hearing in Oslo, but so too have counter arguments that, with parties, the trade union movement and among ordinary peoment and among ordi

well enough so far outside the Community.

"The problem is, the politi-"The problem is, the politi-cians want to go last on this one," says Mr Erik Hoff, in-ternational affairs director for the Norwegian Employers' Con-federation. "We have a lot of persuading still to do to get them to come out of the cloak-room and on to the playing field." field."

On the political side, one possible benefit of membership being voiced more frequently within the Government itself is within the Government issue is the prospect of getting close to EC foreign policy co-ordination. This is one of several areas where Oslo already works so intimately with the Community

tween a co-ordinated EC and attack from consumers' organi-the US, in the curious company of Turkey and Iceland sations, incensed by high food prices.

Meanwhile, there is growing

But the farmers have now sations, incensed by high food prices.

evidence that the fiercest anti-EC campaigners of 15 years ago, such as the farmers, fishing groups, trade unions and religious organisations, are how ready to take a more open-minded stance. If any of these hold the key to the puzzle, it is the farmers, who represent a small but pality cally powerful 5 per cent of the population.

In 1972, they feared a possible threat to the heavy subsidies that the Government pays to support farm production, especially in remote communities that have great national and strategic importance. These experience NK-11mportance. ance. These amount to NKr 11bn this year, roughly equivalent to the total income tax take, and

But the farmers have now seen how countries like Greece, Spain and Portugal have managed to go on subsidising their own remote farming com-munities after joining the club.

The mood of the public at large is even less certain. A poil at the end of last year showed that 18 per cent opposed EC membership (far less than in 1972), 38 per cent wanted to join while 42 per cent wanted to join, while 42 per cent were undecided. That reflects the fact that even if it is on the minds of many people in Oslo, membership is not formally on any political agenda, nor is it likely to be until after the next general elecion in 1989. But the election after that, in 1993. coming under growing might be a very different matter.

Outlook for

DENMARK'S balance of payments deficit should drop to around DKr 18bn (£1.6bm)

this year from a record DKr 34.5bn in 1986, according

to the biannual report of the semi-oficial Economic Coun-cil. This is despite grim forecasts for the country's ex-port industries and prophecies of stagnating economic

Denmark

darkens

Craxi hints at his position after poll

By John Wyles in Reme

THE FORMER Italian Prime Minister. He Bettino Crasti. yesterday formally excluded himself from any role in the government which emerges from the general election on June 14 if it is led by a Christian Democrat.

He would reconsider only in

Christian Democrat.

He would reconsider only in a national amergency such as a new terrorist outbreak when he might agree to be Minister of the Interior. Otherwise, "there will be no minister Craci." the Socialist party leader told a round table of journalists. iourna lista.

Mr Craxi's statement during a two-hour interview with editors and journalists of the leading Italian newspaper. La Repubblica, is the first and only indication he has yet given of the position he will take in the tortuous post-election negotiations on forming a new coalition.

It will tend to confirm the view that the only government in which he is interested in serving is one he himself leads as Frime Minister. Mr Craui's statement during

as Prime Minister. He seemed to agree with predictions that the prospect of a stable government will take some time to emerge after the ballot, if one emerges at all

ballot, if one emerges at all.
Yet he did foresee that the
five parties which formed the
two Craxi governments from
1983 until March this year
would again secure a parliamentary majority at the election. He refused, however, to
offer any undertaking that he
would allow his Socialists to go
into coalition led by the Christen Democrate who are expec-

tian Democrats who are expec-ted to emerge again as the largest Italian party.

He would have no truck with what he alleged to be a Chris-tian Democrat attempt to re-assert the party's traditional

hold on government.

He paid tribute to the support the party gave his administrations but argued that the centre-right party was bent on creating a bipolar system in which the alternative government and ment would be Communist and the smaller lay parties would be corralled as Christian Democrat acolytes.

The Council survey also foresees a further drop in the balance of payments deficit next year to around DRr 9hn—the price for the improvement in the country's current account being mountface of protest ing anemployment.

"If the unemployment level is to be kept below 11 per cent of the workforce, the expected improvements in Denmark's balance of payments situation will not conreport warns.

Weak international demand and a deterioration of around 9 per cent in international competitiveness—due to over-generous wage rises and an over-valued kroner—any badly for exports, it adds.

The Council forecasts that the Council forecasts that unemployment will rise to 259,900, or 8.8 per cent of the workforce, this year, increasing to 310,000 or 10.9 per cent in 1988, after totaling 212,900 or 7.8 per

cent in 1986. Inflation is expected to fall marginally to 4 per cent in both 1987 and 1988 from last year's.4.4 per cent.

The Economic Council's The Economic Council's balance of payments forecasts are more optimistic than those of the Ministry of Economy's published earlier this week. These envisaged a DKr 21.5bn shortfall this

with the Economy Ministry, the Council expects continued balance in Denmark's state budget, which last year recorded a surplus of DKr 21bn for the first time since 1974. However, this is expected by analysts to drop to DKr 10bn this year.

Warsaw official denies slur in

By Christopher Bobinski in

POLAND'S official spokesman, Mr Jerzy Urban, under pressure from protests and a threatened court case, has sought to clarify and effectively withdraw a statement he made last month in-sinuating that four Warsaw scademics were involved in

Szaniawski, Mr Bronislaw Gere-mek, Mr Janusz Onyszkiewicz, all well known Solidarity supporters, and Ms Magdalena Sokolowska, a professor of sociology, had met under suspicious circumstances Mr Albert Mueller, a US diplomat caught in a spying incident. He now maintains that the meetings took place but that he did not say the four were in-

volved in espionage or even knew the American was a spy. The insinuation came before expected Solidarity demonstra-tions on May Day and was designed to help throw the movement off balance as well as scare Polish citizens away from contacts with Western

diplomats.

The four, however, have firmly denied meeting Mr Mueller and have taken Mr Urban to court to win a public apology. Students and the governing senate at Warsaw University, as well as 18 prominent intellectuals, have also joined a mounting protest campaign against the company against the company as the company against the company ag

Greek current account down 10% in quarter

GREECE'S current account defi-cit in the first three months of 1987 reached \$776m, 10.4 per cent lower than the deficit during the same period last year, but still uncomfortably high relative to the Government's 12

relative to the Government's 12 month target of \$1.25bn.

This year is the second of a two year economic-stabilisation programme hinging on a near freeze of wages and salaries. Along with positive external factors, such as the fall in international oil prices, the stabilisation programme enabled the authorities to reduce the current account deficit last year to \$1.704bn from a record to \$1.704bn from a record \$3.275bn in 1985.

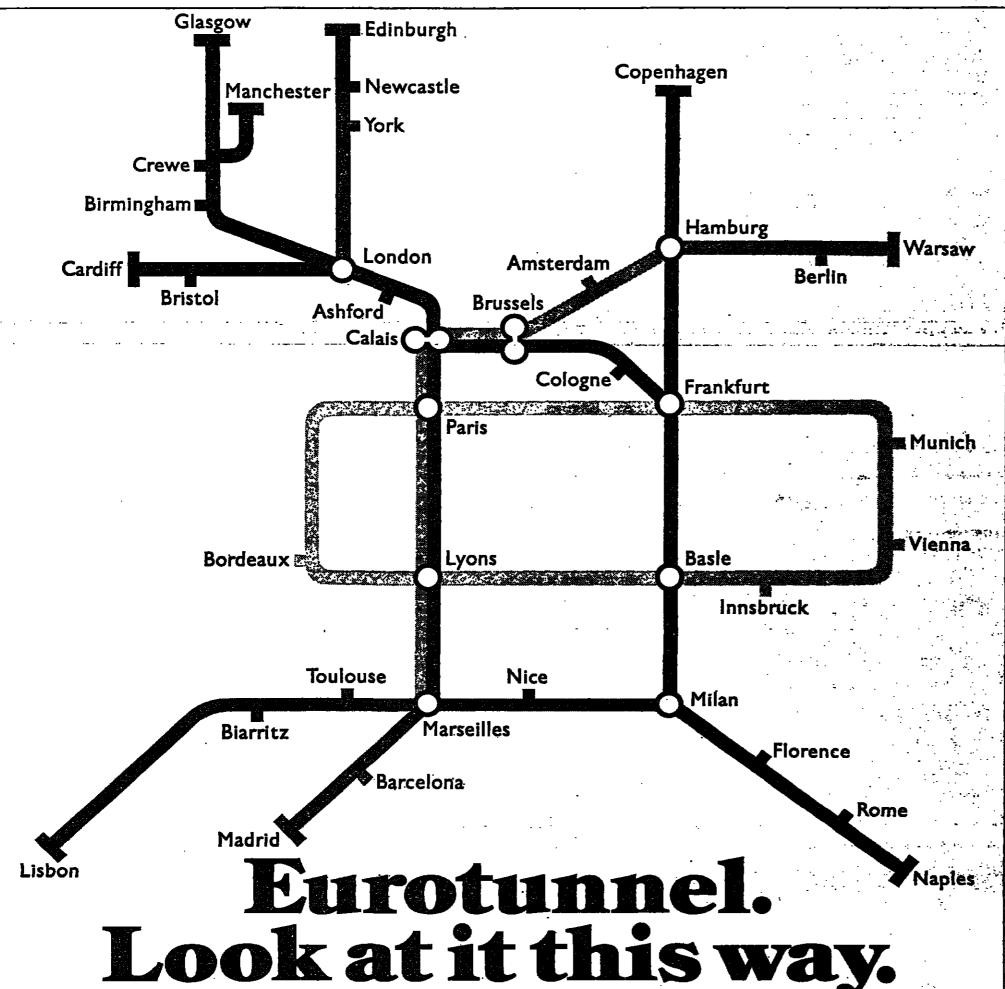
As was the case last year, and despite the decrease in real incomes, due to the stabilisa-tion measures, the main limit-ting factor on the current account deficit is proving to be a high level of imports into Greece. Between January and March non-oil import costs went up by 32.1 per cent. Des-bite an overall increase of 16.2 pite an overall increase of 16,2 per cent in the value of exports the trade deficit widened by 5.3 per cent, reaching \$1.542bn.

Bank of Greece officials attributed the ris in imports partly buted the rise in imports partly

of Greek exports on imported raw materials.
On the bright side, invisible earnings increased by 22.7 per cent, mainly reflecting a 34.2 per cent increase in earnings from tourism. Worker remittances also rose by 19.9 per cent, and European Comunity receipts reached \$391m, a rise of 14.3 per cent.

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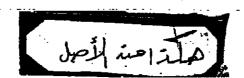
train will actually outstrip the plane on most trips up to 300 miles. A breakthrough for Britain.

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EUROPEAN NEWS

Brussels marks down forecasts for growth in EC

BY YEM DICKSON IN BRUSSELS

Faxi him

The state of the s

Naran 🛍

FORECASTS FOR economic for the Community for 1988—only marginally higher than munity this year have been this year at 2.3 per cent—the revised down, the Commission latest figures are considered disappointing in Brussels in Brussels say they now expect gross domestic product in member states to increase by an 2-21 per cent growth are earlier prodictions. pared with an earlier prodiction of 2.8 per cent made in in unemployment.

tion of 2.8 per cent made in the last major economic forecast last autumn.

The West German economy is expected to grow by 1.5 per cent this year (considerably less than thought likely in the autumn), but Britain's rate has been upgraded from 2.7 per cent to 3.1 per cent.

The Commission's forecast in the major of the control of the c

The reduced expectations were already becoming clear in January when the Commission updated some of its earlier findings—but the latest exercise is a much more complete revision of last year's work.

11.8 per cent this year and next. The Commission's forecast in the commission's forecast in private consumption, meanwhile, has been revised downwards from 3.5 per cent in the autumn to 3.1 per cent now. It had been thought that the savings ratio of households would rise in 1986 and decline noticeably this year has the work.

Lower growth is blamed on seems now that this pattern slower-than-expected expansion will not be so pronounced.

of world trade and the further fall of the dollar exchange rate since the autumn. As a result, "the prospects for exports and while the Community's external consequently those for enter-prise investment have deterior-which went down from 1.1 per ated sharply."

Along with the Commission's cent of GDP in 1986 to 0.7 per cent in 1987, is likely to decline first official growth forecast further in 1988 to 0.4 per cent.

France relaxes exchange controls

By George Graham in Paris FRANCE'S Finance Minister, Mr. Edouard Balladur, has taken another hesitant step towards removing the foreign exchange controls which surround the franc.

French companies will in future be able to open foreign currency bank accounts — in France or abroad — and to borrow freely in currency or in French francs, the Minister announced yesterday.

In his fifth attempt to remove controls since he came to the Finance Ministry, however, Mr Balladur stop-ped short of removing the two principal remaining bar-tiers, which prevent French banks lending in Iranes over-seas and which prevent individuals opening foreign currency accounts.

The Government fears that complete abolition of controls would expose the franc to dangerous speculative pres-sures like those which forced its devaluation against the D-Mark last January.

Companies opening currency accounts will not be allowed to maintain balances of more than a quarter of their total overseas turnover. They will still be required to keep their total cash and forward purchases of currency below the level of their future currency spending.

Mr Balladur also announce the lifting of restrictions on the import and export of gold, and said that the right to carry out currency changing operations inside France would be opened up. Leslie Colitt in Berlin examines an Eastern Bloc nation's industrial reform

East Germany takes own route

East Germany. the p
It has vanished, however, in the him.

no desire to emulate reforms which Soviet specialists. it regards as largely irrelevant for

by Mr Kurt Hager, East Germany's mand economy" imposed on it by ideological chief.

East German officials insist there Economic planners in East Geris no need for radical reforms, pointing to the country's successful ecoparts in the Soviet Union that gross nomic development since 1971. That output statistics for steel, machincame to power.

mit meeting, has shown strong in- energy and manpower and the qualterest in the economic lessons to be ity was often lacking. learned from the East Germans.

mance which has outpaced that of cator of productivity. the Soviet Union and the remainder of Comecon. Of particular interest most important target to be fulto the Soviets is the wholesale reor-filled. More realistic input costs ganisation of East German industry were also introduced to force them

al branch associations - similar to tax based on the number of employthose in the Soviet Union - were re- ees was designed to make compaplaced by the Kombinat (combine), nies shed excess labour.

a vertically integrated industrial
trust. These giant monopolies encompass everything from compotents suppliers to end producers as Comecon while remaining, howwell as research and development ever, at least one third less efficient

under one central management. than West German industry. Real

FOR DECADES the slogan "Learn- important plant. He is directly reing from the Soviet Union means sponsible to the State Planning learning to win was one of the Commission and the appropriate in-most widespread official bywords in dustrial ministry for fulfilment of the plan by all the companies under

wake of the reforms introduced by
Mr Mikhail Gorbachev, the Soviet

above at quarterly and monthly inleader, to revive his nation's stag- tervals to assure that targets are nating economy. East Germany has met, is what especially appeals to

Unlike the Hungarians who have relegated the planning commission "Just because your neighbour to a forecasting institute and have wallpapers his flat does that mean given considerable autonomy to you have to do yours," was the caus- company managers, East Germany

coincidentally was when Mr Erich ery or ships were increasingly ir-Honecker, the East German leader, relevant in measuring industrial ef-nats are producing and selling their ficiency. The East German econo-By contrast, Mr Gorbachev, who my was capable of churning out will be visiting East Berlin later goods at an impressive rate but the this month for a Warsaw Pact sum-costs were enormous in materials,

The new Kombinats were quickly Soviet economic officials are impressed by East Germany's perforthese were still an insufficient indi-

to use raw materials and energy The previous ineffective industri- more sparingly. A stiff new wage

The director-general of a Kombi-costs are still only partially reflect—which are competitive in the We nat automatically heads its most ed in higher prices for producers. It and measurement engineering.

Erich Honecker is virtually impossible for planners

goods profitably or not. An East German washing machine or camera is roughly four times the price on the domestic market than in discount houses in

West Germany. Comecon specialists at the German Institute of Economic Research (DIW) in West Berlin note that built-in barriers impede innovation in the priority sectors of micro-electronics, data processing au-tomation technology and biotechnology. Research and development flops in the Kombinats, DWI notes, are more severely punished than is the lack of innovation.

stressing development of "key tech- begun. nologies", are felt to be neglecting the equally vital components indus-try. But there are industrial bright spots such as printing machinery and optics - the Carl Zeiss combine in Jena has several new products depending on results. which are competitive in the West -

But more typical is the micro-electronics Kombinat which produced a 84K RAM chip five years after Siemens in West Germany and hailed the achievement.

Production of personal computers mainly for industry and education - began only last year after lengthy preparations. The 8-bit PCs, however, are only good for the simplest

Dr Rudi Rosenkranz, directorgeneral of the giant Textima Kom-binat in Karl Marx Stadt which produces textile machinery, said there was strong pressure on him from above to improve production tech-nology and lower costs. His Kombi-nat has 34,000 employees producing everything from electronic control systems to needles.

Only one sixth of output goes to the West and two thirds to other Comecon countries, mainly long-series production to the Soviet Union. But, in order to obtain badly needed new technology, Textima needs to import machinery from the West. This explains Dr Rosenkranz's interest in striking a "compensation" deal with a Western company which would take Textima products in return for delivering the latest machinery.

Most Kombinat have their own foreign trade organisations but Dr Rosenkranz noted they have two loyalties - "to us and to the Ministry of Foreign Trade". Another problem they face is to

reduce the enormous stocks they hold because of erratic supplies, a East German planners, while battle Dr Rosenkranz said had just

Seventy per cent of wages paid to workers in the Kombinat are now "based on performance" he explained. As for his own salary, he can increase it by up to 20 per cent

"But one doesn't only work for money," he added quickly.

Soviet offer on satellite launches

By William Dullforce in Geneva FOREIGN companies can send sat-ellites into the Soviet Union without customs inspection and under

round-the-clock escort to be launched into space on Soviet rock-This offer, designed to help circumvent US restrictions on exports of scientific equipment to the Soviet Union, was made here yesterday to representatives of 12 Western com-panies, by Mr Alexander Dunayev. Chairman of Glavkosmos, the So-

Mr Dunayev also quoted indica tive prices. A satellite could be put into geo-stationary orbit on a proton launcher, for about \$30m, but the fee could be negotiated according to the customers specific re-

viet organisation co-ordinating space technology at a meeting orga-nised by the World Economic For-

A 20 metric tonne pay load could be put into earth orbit for about \$26m and seven metric tonnes could be launched on Soyuz Molniya or Vostok rockets for between \$10m and \$14m. Mr Dunayev said. He listed seven types of Soviet rocket vehicles available to launch pay loads varying from 450 kilograms to 21 metric tonnes into close orbit, more on to outgoing planetary paths, moonwoods or swoods". Representatives of five or six US companies including Martin Marietta International met the Glavkosmos chairman. Britain's Hawker Siddley sent a representa-

Montedison were also present. Some thought the Soviet offers were "good", Mr Dunayev said. He stressed, however, that the Soviet Union was not competing in price with other countries such as China which have recently offered to launch foreign commercial equipment into space.

tive from its US subsidiary.

France's Eutelsat and Italy's

The Soviet launch programme was beavily charged with national projects, but if foreign companies could obtain a US licence to send their equipment to the Soviet Union "we can solve any problems," Mr Dunayev said.

Ingosstrakh, the Soviet insurance company, would insure the launch for a premium of about 12 per cent A Commission official said the agreement between the trio would be "an important step forward.

A Commission official said the of the launch fee. Customers would have to ensure the satellite itself with their own insurers.

Italian pockets overflow with Community cash BY JOHN WYLES IN ROME

for the first time in nearly on the country's net paymets seven years because of the government's inability to spend Community funds quickly

Inefficient handling of its cash entitlements under the agricultural, social and regional funds means (taly has spent only L8,400bn (£4bn) of the L16,150bn allocated to it over the past 20 years. Its total share during this period has

called structural funds.

The report says around half of Italy's unspent allocation (L3,370bn) involves either "dorfunds means Italy has spent only L8.400bn (£4bn) of the L16,150bn allocated to it over the past 20 years. Its total share during this period has been around 30 per cent of the grants made under the EC's so-called structural funds.

Its,370bn) involves either corrunt in the original thought the cally capable of implementation, those which have been abantone overpriced in the original application for funds.

An official said yesterday that the band demonstrated "a for-

ITALY BECAME a net contri-butor to the EC budget in 1986 the Community. Their impact to Brussels is such that in 1984, Italy received L2,400bn net of its payments to the Community budget while last year it was L1,100bn in deficit.

alled structural funds.

Maly had demonstrated "a ferThese figures have been comtile capacity for initiative" in

Agreement near on car exhaust emission

BY WILLIAM DAWKINS IN BRUSSELS

BRITAIN, France and Italy are Italy did the same. The indications close to agreeing to set tough new national controls on car exhaust If Paris and Rome do agree to the

emissions, according to Mr William standards, originally proposed by sion is proposing.

Under the Commission's timeWaldegrave, the UK Environment the European Commission and in EC officials said yesterday that Minister.

Speaking during a meeting of his Germany, it would mean that all ment was the timing of the new tandards, with Britain wanting to move rather faster than France and that proposals have got no-These figures have been comtile capacity for initiative" in piled by the Italian Accounsesseking EC money but only a tant General in the first of what modest ability in terms of valid is intended to be a regular planning and implementation."

Maly had demonstrated "a ferman rance and the first of what manufacture and the first of what modest ability in terms of valid is intended to be a regular planning and implementation."

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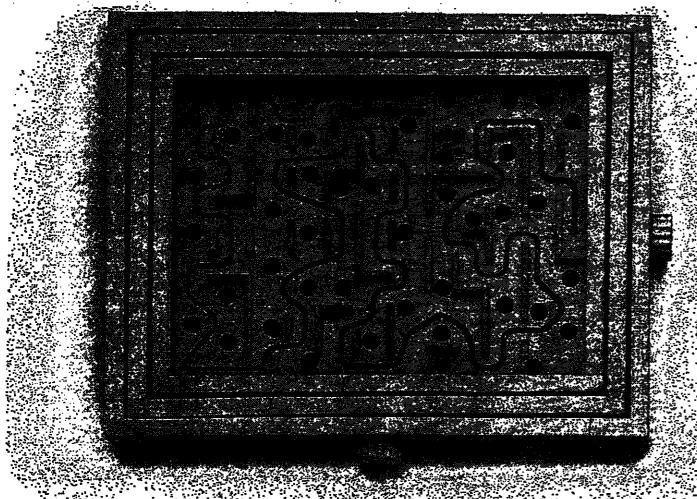
Maly had demonstrated "a ferman rance and the first of what member states for the potential accord, which has been worked on by intended to be a regular planning and implementation."

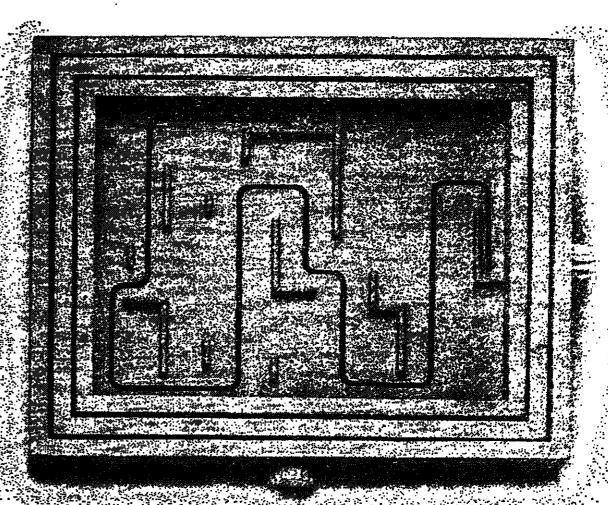
Maly had demonstrated "a ferman rance and the first of what member states from the potential accord, which has been worked on by intended to be a regular planning and implementation."

Maly had demonstrated "a ferman rance and the first of what member states from the three contended to be a regular planning and implementation."

Britain is against setting exhaust

controls for large cars because it does not believe this would be cost effective, but Mr Waldegrave said yesterday that his opposition was softening in the light of fresh technical studies.





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Kim wins diplomatic applause in China

BY ROBERT THOMSON IN PEKING

PRESIDENT Kim Il Sung of North Korea arrived in Peking suffering from a bout of no further. Sino-South Korean by train yesterday to a welcome political intrigue. The unusual trade was estimated to be well that was one of the most ex"Kim is dead" rumour late over \$1bn last year, and China travagant accorded to a foreign last year and the even more has allowed South Korean dele-

yet to convince China and the subjects.
Soviet Union that the Kim An Eadynasty is what the region said Kin

Soviet animosity and taken for granted that its own relations with the US would remain hostile indefinitely. Yet now the ground is shifting beneath Kim il Sung and his Beijing trip is an attempt to put foreign policy on a firmer footing.

leader visiting China for many years.

But for all the pomp, and his success in convincing his own people that he has given them a quality of life unmatched in the world, the great leader has the world, the great leader has the convince China and the even more last year and the even more last allowed South Korean delegations to attend international forums here.

But China already seems to have drawn a line that it will not allow. Seoul, which craves better relations, to cross. It is understood that China's

Soviet Union that the Kim dynasty is what the region needs.

His visit to China coincides with a shifting in power relations around North Korea, which has long exploited Sino-Seriet neighbority and taken for The Taylor and Taylor the Previous and Taylor to Previous and Taylo Zhao Ziyang, the Premier and acting party chief, will be for-mally appointed party leader mally appointed party leader at a congress in the autumn,

But China aiready seems to have drawn a line that it will not allow, Seoul, which craves better relations, to cross. It is understood that China's Ministry of Foreign Economic Relations and Trade has issued a directive forbidding joint ventures with South Korean companies, even if those companies are using front organpanies are using front organ-isations in Hong Kong to be politically discrete.

Kim will find the Chinese unwilling to withdraw from the 1988 Seoul Olympics, as good performances in international arenas have become a guide He will also seek assurances for the Chinese masses to their from China that its relation—country's improved standing.

Like China, North Korea is ship with South Korea will go Also, China wants to host the will tell Kim what they tell Olympics itself and would not every other visitor who asks want to risk its chances by about Sino-Soviet relations. heading a boycott.

The Chinese are known to be concerned by North Korea's granting of overflight rights to Soviet fighters and the pro-vision of berthing facilities for Soviet warships, and will want to know how far the North Koreans, who have avoided being sucked into an orbit as a Soviet or Chinese satellite, will go to allow Moscow a military presence. In meets to allow freer than allow freer

The North Koreans will want to know how far China will allow the Soviet courtship to go. Pyongyang has successfully exploited Sino-Soviet tension to win concessions from both countries, and improved relations between the two com-munist giants will limit its scope for political points-scoring. Diplomats believe the Chinese

while economic relations have improved significantly, the Chinese say "obstacles" still remain in the path of closer ties, particularly Soviet support for Vietnam's occupation of Kampahas

Washington's new-found willingness to allow North Korean and US diplomats to meet on little more than allow freet mingling at diplomatic cocktail parties, but it is a sign of US pressure on Pyongyang to give ground. US officials have also hinted that trade bans on food. medicine and other humani-tarian items could be lifted.

Kampuchea.

Kim, who is no fool, seems to have recognised that the years of isolation and the "juche" (self-reliance) philo-



Kim I Sung-uncesy tack

sophy are hurting his country and it is very much "his country." Australian tourist groups are now allowed to visit, as are select groups from Hong Kong and Britain, and more foreign business people are visiting Pyongyang, though dis-honoured debts and a foreign exchange shortage make North Korea a risky pariner.

FIJI CRISIS

Ganilau battles against coup leader's ambition

FIJI'S political crisis remained ethnic Melanesian institution

FLIT'S political crisis remained unresolved last night as the island state's Governor General battled against the leader of last week's military coup for the allegiance of the country's influential Council of Chiefs.

Ratu Sir Penaia Ganilau, the Governor-General, was said to be utterly steadfast in his determination to resist Lt-Col Sittveni Rabuka's continuing bid to instal his own council bid to instal his own council

of ministers. In this the Governor-General again received the full endorse-ment of Fiji's judiciary, which issued a statement implicitly rebuking Col Rabuka by urging the army and police to obey the Governor-General as paramount legal authority.

The endorsement followed an extraordinary radio interview given by the 38-year-old officer, in which he claimed he was still in control and had the total loyalty of the army and police. He also declared three times

that he would never agree to anything which would jeopardise the objectives of his

coup.

The focus of the Governor-

The Council adjourned Again The Council adjourned again yesterday after a second all-day meeting, and following a meeting between Col Rabuka and the Governor-General, the coup leader's spokesman said "no conclusion" had been reached but that a "compremise formula" would be considered today. sidered today.

Although details were con fused, the formula was said to involve the possible co-existence of the Governor-General's planned council of advisors with Col Rabuka's Council of Management of the College of the Colle with Col Habrica's Council of Ministers. Their membership and function were yet to be agreed. But it was far from clear that the Governor-General would accept Col Rabuka has some important support within the Council of Chiefs, but one report last night suggested that Ratu Sir Kamesese Mars, the key figure in the battle of wills, was switching his allegiance

to the Governor-General.
Ratu Mara, Prime Minister
for 17 years and widely recognised as the founder of Fiji's multiracial democracy, surprised everybody after the coup last week by accepting a position within Col Rabuka's Council of Ministers.

S African coal exports hit by bans

BY Gerard McCloskey BANS ON South African conl imports by France, Denmark and the US are beginning to hurt the Republic's exporters. After a buoyant first quarter it has suddenly become clear total exports for 1987 could fall by over 5m tounes, a fall of over 12 per cent, with some export-ing companies bracing themselves for twice this amount. Total exports in 1986 were

The Richards Bay coal terminal, which handles the bulk of South African exports told its member companies this week that it expects a through-put of just 36m tonnes, down 4m tonnes from 1986 volumes The announcement follows an assessment from Mr Graham Boustred, chairman of the country's largest coal exporter Anglo American Coal Corpora-tion, that Anglo expects total South African exports to be 5.5m tonnes down at 40m tonnes in 1987.

The squeeze on tonnage is not the result of the boycotts alone. Oversupply of steam coal is pushing prices down for all exporting industries. At the start of last year South African coal could be bought in Europe for \$38, but the price today is almost \$10 lower. During the same period the rand has risen from \$0.43 to \$0.50, putting a further squeeze on the industry. Mr Boustred estimates that revenues will fall by about R1.3bn (£394m)—a 40 per cent fall from last year's R3.2bn. The cut in dollar prices has sliced R650m off income while the strengthening of the rand The Soviet Union said yesterday that deliberate sabotage caused a plane crash in which
Mozambican President Samora
Machel and 33 other people were killed last October, Renter reports from Moscow. But it stopped short of blaming South
Africa for the disaster.

London was private, like numerous cloak-and-dagger contacts between them in the past. But the concessions the King dubbed Likud and its allies on an international conference ready to make were the Right, would be shown up as international conference convince the US State Department that important progress and more moribund, his close aides confided; a dramatic geshas cost an additional R350m.

stimulate domestic demand next month. amid signs that the Japanese The prom economy is only marking time and confirmation that Govern-ment growth forecasts for fiscal

The promises were made by Mr Yasuhiro Nakasone, the Japanese Prime Minister, when he was in Washington in April. Foreign ministry officials in Tokyo said Mr Shultz said he

Mr Malcolm Baldrige, the US the budget was set late last government's Economic Plan-Commerce Secretary, in a year, the need for a substantial ming Agency was revised down sharply critical speech in New new stimulus for the economy at the beginning of the year. York, said it was "past time for has become widely accepted. The EPA said in its monthly plus with the US last year.

The Government plans to introduce a supplementary budget later in the summer which, some economists hope.

report to the Cabinet yesterday that the economy was making hardly any headway because of the way the strong yen was damaging exports.

Like a number of major busi-

were the lengths to which the Prime Minister would go to

block the conference proposal, even at the cost of upsetting seriously his proclaimed "closest frind," the Reagan

Administration. It was a sur-prising error for — in contrast to Mr Peres — Mr Shamir is always crystal clear in his statements, however unpalat-

able they may be to others not of the same ideological persua-

Peres plays a gambler's hand and ends up a clear loser

What everyone misjudged in the government.

Shamir, who only had to keep on saying "no." Mr Peres con-tinues to speak of "going to the people" and "letting the people decide." There are indeed many in Labour angry at the debacle who would like to withdraw from the near mori-bund Government at the time. But cooler heads in Labour prevailed. Capable of bring-

Government, Mr Shamir was, when — as it could have anti-nouncing the international continey said, equally determined cipated — the peace proposals ference idea "already non-became an issue of confidence existent.

in the government.

The result was last week's stand-off in the evenly divided inner cabinet and, even more humiliating, this week's decision to vote with Likud in a parliamentary no-confidence vote.

Outmanouevred by Mr Shamir, who only had to keep Shamir, who only had to keep Shamir, who only had to keep defence in the hands of Arielly capable of Arie All that Labour would

what should we do? Leave defence in the hands of Ariel Sharon? Labour officials argued bitterly in favour of the rejuctant decision to stay on in the government. With the controversial ultra-hawkish Mr Sharon as Defence Minister, a Likud government led larael into its painful three-year war in Lebanon.

ing down the coalition, Labour Aware that he has been now knows that, given the disposition of the small parties, of being "minister of wishful position".

Tokyo faces fresh US pressure to boost growth

THE US yesterday increased its in a letter sent ahead of the flerce pressure on Tokyo to Venice economic summit early 1987 have been cut.

Mr George Shultz, the US Tokyo said Mr Shultz said he Secretary of State, is said to was looking forward to seeing have "reminded" Mr Tadashi Mr Nakasone and Mr Kuranari Kuranari, the Japanese Foreign Minister, of Japanese promises planned to make good the com-to boost the domestic economy mitments. Andrew Whitley explains why the Israeli foreign minister has damaged his career and prospects for Middle East peace

Visibly unhappy at having to play second fiddle in the coali-tion government, since hand-ing over the Prime Minister-ship last October to Mr Yithak

he personally is expected to

read when

in Venice to hear how Tokyo

AN INVETERATE political ture from Jordan's King Hus- national Middle East conference

gambler, Mr Shimon Peres has sein, perhaps. Some unrealistic as a prelude to direct talks be-just lost one of the biggest officials even began trying to tween Israel and its neighbours.

ship last October to Mr Yithak
Shamir, for months the 63year-old Labour leader had been looking for a good pretext
to pull the chair from under his old sparring partner on the Likud bench.

His own party was chaffing in its harness to the Right-wing Likud bloc, though their partnership was due to run for 18 more months. And Mr Peres was fearful of the opprobium he personally is expected to

Peres some of the cards he needed. True, their meeting in London was private, like

Anticipating the Likud's refusal to enter into meaningful negotiations — talks which would inevitably centre on ter-

plays of his career, with dam- convince themselves that there

aging consequences for his own was a prospect of something leadership as well as the re- like the late Egyptian Presi-

cently revived Middle East dent Anwar Sadat's ice-shatter-peace process. dent Anwar Sadat's ice-shatter-ing visit to Jerusalem a decade

quiries into the Pollard spy scandal publish their findings later this month.

Longon was private, numerous cloak-and-dagger contacts between them in the past.

But the concessions the King

Japan to reduce its aggressive targetting and export policies to a level that is comparable with international trading norms." Japan had a \$52bn trade sur-

While Mr George Shultz, the

ever-cautious Secretary of State, prepared to visit the region to

put the finishing public touches to the embryonic Israeli-Jor-danian understanding, over-joyed Labour officials busied

themselves leaking details of the "historic chance" they said

What Labour tacticians hoped

may help bring back overall economic growth for the year to The US pressure resurfaced around 3 per cent.

as the Japanese parliament passed its long delayed austerity budget for fiscal 1987. Since growth target, set by the the country's trade surplusses.

Peres-outmanuoeyred

Knesset majority he lacked. Seasoned Western diplomats believed that presented with a fait accompli Prime Minister Shamir would, in the end, cave

"With all the anger, all the bitterness, we have in our hearts against this perverse and criminal attempt, we must maintain composure and repulse (it) with all the ways and means at our disposal. We means at our disposal. absolutely reject (the inter-national conference) from all

possible principled and practical standpoints." Mr Shamir to force the early elections it told his co-religiousts last wants at present. In exchange the Jordanian monarch himfor a promise by Mr Shamir to go a long way labour made a further rate enact further religious legislations. Even to force the early elections it angrier must be King Hussein. The Jordanian monarch himfor a promise by Mr Shamir to go a long way labour prospective road cover labour and the polytogen parties.

mistake before embarking on tion, the religious parties — and now has little to show for the Jordanian jaunt. It did not always the swing factor — have the risks he took, apart from add up the votes the party moved solidly behind Likud. Mr public embarassment in the could rely on in the Knesset Shamir, meanwhile, is pro- Arab world

AMERICAN NEWS

Record 200 US banks expected to fail this year

A RECORD 200 US banks are Some 85 per cent of the banks total net income of US banks. expected to fail this year and on the FDIC's problem list are the number of banks on the west of the Mississippi and Federal Deposit Insurance west of the Mississippi and Corporation's problem list has located in just six states—risen by a third over the past Oklahoma, Texas, Wyoming, two years to 1,531 with total deposits of \$237bp. Mr William Seidman, FDIC

chairman, in testimony before the Senate Banking Committee yesterday, painted a gloomy picture of a US banking system facing declining earnings and deteriorating asset quality.

Last year 138 US banks failed and in the first four-and-a-half months of 1987 there have been 78 failures and three cases where the FDIC has assisted a bank to prevent it falling. Some 87 per cent of the failures are in states west of the Mississippi. Banks in Texas and Oklahoma alone accounted for about half alone accounted for about half of bank failures this year.

Of the 1,531 problem banks, about 600 were agricultural banks and 150 energy banks.

Cent over the same period.

Moreover, in 1986 non-recurring items and gains from the sale of securities amounted to nearly 25 per cent of the start declining.

more than 55 per cent are located in just six states—Oklahoma, Texas, Wyoming, Montana, Louisiana and Alaska. Mr Seidman said 90 per cent of US banks were not con-sidered problems and failures last year represented 1 per cent

"Overall, the statistics show "Overall, the statistics show a reasonably sound industry, but the averages mask a number of problems," said Mr Seidman. He noted that the average return on equity for the US banking industry in 1986 of 8.75 per cent compared with 13 per cent five years are Return on assets had falago. Return on assets had fal-len from 1 per cent to 0.74 per cent over the same period.

Meanwhile net charge-offs to loans had increased from 0.56 per cent in 1982 to a 0.99 per cent in 1986 and despite this increase, non-performing assets gressional investigators sought gressional investigators sought gressional investigators.

have had to accept greater loan risk in order to maintain earn-ings and loan volume. It seems clear that the risk in the system has been increased by deterio-rating loan portfolio quality," said Mr Seidman.
He said that he expected the

for Contras 'solicited by officials'

Donations

increase, non-performing assets continue to remain high at 1.96 per cent. One side effect of the decline in credit quality was that FDIC losses on failed banks had risen substantially to more than 22 per cent of total bank assets.

2 new turn yesterday as congressional investigators sought to demonstrate the involvement of President Ronald Reagan and other US officials in private banks had risen substantially to Nicaraguan rebels.

Three wealthy consequents.

more than 22 per cent of total bank assets.

"Even outside the recognised problem lending areas it appears that banks, overall, have had to accept greater loan risk in order to maintain earnings and loan volume. It seems raiser. Mr Channell pleaded guitty last month to involvement in a tax fraud scheme.

Mr William O'Boyle, an affluent New Yorker, said Lt General Oliver North had shown him a list of weapons needed for the Contras and had told him of a secret airport built by the Sandinistas, intended "to recover the Russian Backfire bombers after they made a nuclear attack on the United

He then donated \$130,000 to the cause.

Earlier, Senator Paul Trible, a Virginia Republican and a member of the panel, denounced reports that Maj Gen Richard Secord is attempting to block the release of Swiss bank records connected with the Trans records connected with the Iranian arms sales.

The former air force general, weapons to Iran in exchange for American hostages, had portrayed himself before the investigating committee as a patriot

BY TIM COONE IN BUENOS AIRES

ranks.

"The general's actions will inevitably frustrate and delay the pursuit of truth and are totally inconsistent with his (Secord's) words of co-operation and good faith," Sen Trible said.

Garcia survives strikes challenge

Barbara Durr on growing discontent with Peru's President

PRESIDENT ALAN GARCIA of Peru has emerged relatively unscathed from a four-day police strike and a more tame 24-hour general strike, in both cases avoiding greater potential violence. It appears the minister was causht off guard by the strike and the strike and the strike are strike as a such of guard by the strike and the strike are strike as the strike are strike are strike as the strike are

The two strikes, however, mark a new phase of popular discontent with his government at a time when the annualised inflation rate is more than 100 per cent.

The police had wide public support for their wage demands and participation in the general strike, called by the communist trade union federation Confederation General de Trabajadoras del Parte was higher dores del Perus, was higher than even its organisers had hoped. Leftist politicians claim that

in metropolitan Lima, the country's industrial heartland, about half the workforce stayed home. The government admitted

25 per cent.

There have been questions about how President Garcia handled this latest crisis. It is unclear how the government allowed the country's 90,000-strong police force to reach the country's strong police force to reach the strong of strike. Fingers



Alan Garcia: willing to gamble with violence

between police and army, this shocked an already tense

The consequences of President Garcia's willingness to use threatened to use the army to dislodge them.

Given that the result was forgotten. Between 250 and 300

were killed. Twelve years ago during a police strike the army had been sent in and more than 100 police officers were

The striking police left their garrison but did not end their stoppage.

By Monday, on the eve of the general strike, the Government was forced to concede to more than double the basic police salary. It is estimated that this will add \$10m, or about 5 percent of government revonues, to a state budget already heading for a serious deficit.

Referring to the feet that no

Referring to the fact that no concessions were made as a result of the general strike, an editorial in a leading popular newspaper said: "To raise some and postpone others will not contribute much to social peace, and probably this will be converted into a platform for a new cycle of popular demonstra-

Senator Valentin Pacho, secretary general of the CGTP, said: "The general strike is just the first in a series of steps against the economic policies of the Government."

Iraq to compensate US sailors' families states.

compensation to the families of the 37 American sailors killed in the attack on the US frigate Stark in the Gulf on Sunday.

In a television interview on Wednesday night, Mr Tareq Aziz, Iraq's deputy Prime Minister, when asked whether Iraq would pay compensation to the families, said: "We will respect our obligations in this respect." He did not say whether Iraq was ready to compensate the US Government, as it has requested. In a television interview on

Mr Aziz said the Iraqi pilot In Washington, congressional of the Mirage F-1 jet which fired two missiles at the Stark could complicate the Reagan

Iranian ship.

Yesterday, a US Navy board of inquiry opened in Bahrain to try to determine how the attack happened and why the Stark did not defend itself. The of the attack.

board, headed by Rear Admiral Grant Sharp, a senior Pentagon official, will interview survivors The US has extended by two months the tour of duty of the frigate Groves, a member of its seven-vessel Middle East Force which had been due to return to the US in mid-June.

IRAQ HAS said it will offer believed he was attacking an Administration's plans to sell 12 F-15 fighters to Saudi Arabia. The Saudis falled to respond to US requests to intercept the Iraqi aircraft that attacked the

> White House officials said the Administration's formal notification to Congress of the intended sale may be delayed because of the political climate."

Four senators led by Arizona Democrat Daniel DeConcini with nothing to hide. have introduced legislation to block further arms sales to Saudi Arabia until there is an investigation into why Saudi jets did not intercept the Iraqi fighter.

Argentine military abuses bill held up

A BILL before the Argentine congress aimed at absolving junior. and middle-ranking officers from responsibility for crimes committed during miliprocess to the bill extended to absolve senior ranks. This would make the bill extended to absolve senior ranks. This would make the bill extended to absolve senior ranks. This would make the bill extended to absolve senior ranks. This would make the bill extended to absolve senior ranks. This would make the bill extended to absolve senior ranks. This would make the bill extended to absolve senior ranks. This would make the bill extended to absolve senior ranks. This would make the bill extended to absolve senior ranks. This would make the bill extended to absolve senior ranks. This would make the bill extended to absolve senior ranks. This would make the bill extended to absolve senior ranks. This would make the bill extended to absolve senior ranks. ary rule before 1983 has become bogged down in the Senate where conservatives want it extended to senior

In a secret session on Wednesday, the Defence Minis-ter, Mr Horacio Jaunarena, and

ing. President Garcia began to engage in brinkmanship. He accused the strikers of "facilitating terrorism" and threatened to use the army to

by junior officers took control of several military bases in the capital and the north of the country, demanding an end to the human rights trials in which almost 400 members of the security forces stand accused of abuses.

Congress approved the bill last week. In the Senate, how-ever, the ruling Radical Party does not have a majority and is facing difficulties with conservative opponents who want to see

all those responsible for the "dirty war" of the 1970s in which more than 9,000 persons disappeared after arrest by by security forces.

President Raul Alfonsin and leading members of the Radical

Party have expressly ruled out an amnesty. After the secret session in the Senate on Wednesday con-servative senators were not convinced that the govern-ment's "limited amuesty" would

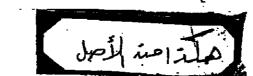
US eases rules for AIDS drugs

THE REAGAN Administration has completed controversial new rules easing the availability of experimental drugs for AIDS and other deadly diseases, Reuter reports from Washing-

An administration official said

An administration official said the rules would allow drug com-panies to begin salling experi-mental thorapies at an early stage in their development and well before they gained final marketing approval from the Food and Drug Administration. Under current FDA procedures, it usually takes seven be enough to settle the unrest to nine years for a new therapy in the armed forces.





US will continue sanctions on Japan

ese exports to the US are likely to last beyond the summit meeting of industrial nations in Venice next month, Reuter reports from Wash-

Mr Marlin Fitzwater, the White House spokesman, when asked if the trade curbs might be lifted before the June 7-10 summit, said: "Of course it's always possible (but) I think it's unlikely."

President Reagan had said dur-

ing the visit here last month of Mr Yasuhiro Nakasone, the Japanes Prime Minister, he would like to see the tariffs lifted before the summit

oceting.
Other officials said it might b possible to lift a portion of the 100 per cent tariffs this month.

The tariffs on \$300m worth of television sets, personal computers and power tools were imposed in April because Japan had not honoured a 1986 semiconductor agree-

ment with the US. US officials had said there would have to be proof Japan was hon-ouring the pact, which President Reagan had said Japan had broken by continuing to dump semiconduc-tors on world markets at less than cost and by keeping its home market closed to US goods.

EC to launch probe into music tape piracy

THE EUROPEAN Commission

THE EUROPEAN Commission is to launch an inquiry into allegations that indonesian music pirates are illicitly copying cassette tapes.

According to the International Federation of Phonogram and Videogram Producers, which has appealed to the Commission for action, the practice mission for action, the practice is costing EC music companies around \$150m a year in lost sales. Illicit Indonesian cassette copies are believed to be sold

widely in Asia and the Middle

The instrument was first used accuses the Jakarta government to follow up a complaint by Akzo, the Dutch chemicals of failing to take effective action against pirates and being group, that Dupont, its US com-petitor had wrongly used some of its patents. The dispute has responsible for damaging EC businesses. The inquiry will take five to seven months. It is the second time the Commis-

trade practices that are not in the Akzo case, to be referred already banned by other to the Gatt.

since been taken to the General Agreement on Tariffs and Trade sion has made use of a three-year-old regulation—the New Commercial Instrument — de-signed to allow tougher and faster action against unfair the inquiry, which is likely as

Road funding may reach \$40bn

BY NANCY DUNNE IN WASHINGTON

FUNDING for road projects in the cent of the exchange needs of devel-Third World from commercial oping countries for maintenance sources and development banks may reach \$40hn over the next five the five years, as well as funding

years, according to a report by a for new roads.

Washington consulting group.

Mr Nicholas Lodlow, managing Multilateral director of Devleopment Bank As-sociates predicts that Development America and the Middle East are Bank commitments to roads will running at about \$1.4bn a year. reach \$10bn to \$13bn for projects He said Development Banks

oping countries for maintenance and improvement of roads during

Multilateral development bank However, the need to build up the with a total cost of \$32bn to \$40bn. infrastructure is expected to boost spending to between \$2.1bn and would cover 50 per cent to 70 per \$1.7bn a year.

The private sector will provide about \$2 for every dollar spent by the banks, said Mr Ludlow.

According to the report, The Delopment Bank highways market 1987-1991, A Practical Reference Guide, financing of civil works on road projects will reach between \$29bn and \$36.5bn. About \$1.4bn to \$1.7bn will be spent on technical assistance, including engineering.

The projects should provide a boost for equipment manufacturers.

Belgians' LNG row goes to arbitration

DISTRIGAZ, the Belgian gas company, is to resume arbitration to help solve its' long running dispute with Sonatrach, the Algerism oil and gas monopoly, over the terms on which it imports lignated natural gas (ING) liquefied natural gas (LNG).

The immediate impact will be to cut the free on board price of the gas from \$2.83 to \$2.02 per million British Thermal Units (Btn). The cost for Distrigaz at the Belgiam border will decline from \$3.65 to \$2.82 per million Btu. million Btv.

Algerian LNG for Belgium is imported through the French terminal at Montoire de Bretagne, south of Nantes, but the Belgian terminal nearing completion at Zee-brugge — will receive its first cargo of LNG next month.

The Belgian company asked the International Chamber of Commerce to arbitrate its dispute with Sonatrach in April 1986 but froze the arbitration procedure three months later, after agreeing a one-year irrevocable interim deal price structure to that agreed by GaZ de France with Sonatrach in March 1986.

Boeing wins \$2.1bn orders for new jet

BOEING has launched another Texas has ordered 20 of the 122 seat aircraft for delivery between March 1990 and 1991, version of its 737 twin-jet airliner, the Boeing 737-500, with the announcement of orders for 51 of the new airliners from

rour airlines, with options on a further 22 airliners.

The combined orders and options will be worth \$2.1bn at the time of delivery.

The latest round with options on 20 more Euralair of France indicated to Boeing it would buy three aircraft with options on two more, for delivery in 1992 and 1993.

Southwest Airlines of Dallas

the time of delivery.

The latest version of the 737 is designed for lower density, short-to-medium range routes, with the first aircraft to be rolled out in May 1939, and first deliveries in March 1990.

The new Boeing 737-500 air-liners will be powered by the Franco-US CFM56-3-BI engines, and the control of the rolled out in May 1939.

Brazthens SAFE of Oslo, at up to 20,000 pounds thrust, Norway has ordered 25 of the aircraft for delivery between March 1990 and the end of 1994.

Spanish telephone group in Soviet joint venture

BY DAVID WHITE IN MADRID

SPAIN'S semi-state telecomis due to complete negotiations in the next few weeks on a year is foreseen. The Spanish joint venture to produce telephone sets in the Soviet Union.

Mr Luis Solana, Telefonica chairman, said yesterday the initial investment would be about \$3m and the final amount considerably greater.

Telefonica said the unit to make equipment for telewould produce "medium tech-

SPAIN'S semi-state telecom-munications group, Compania printed circuits for the Soviet Telefonica Nacional de Espana, is due to complete negotiations Production of 300,000 units a

Fujitsu supplies chips to **Fairchild**

By Carla Rapoport in Tokyo

FUJITSU has begun supplying Fairchild Semiconductor with sophisticated microchips, des-pite its recent withdrawal of a bid to acquire an 80 per cent stake in the company from its parent company, Schlumberger. The Japanese electronics company is also understood to be discussing the acquisition of a 10 per cent stake in Fairchild. Fujitsu dropped the larger Fairchild bid earlier this year in the wake of strong US political pressure.

Fujitsu yesterday refused to confirm or deny the reports of its bid to acquire a smaller stake in Fairchild. It did confirm, however, that the new microchip business between the two companies emerged from its acquisition talks with Fair-

The company said that it was supplying a 32-bit microproces-sor unit to Fairchild. These sor unit to Fairculd. These components are used in work stations and personal computers. Fujitsu is also supplying specially designed integrated circuits. Sales of both products, it said, are small, but could rise substantially in future. The products will be sold in the US under the Fairchild brand.

Egypt now ripe for investment from abroad, says trade body

BY TONY WALKER IN CAIRO

EGYPT offers new opportunities for foreign investors interested in import substitution projects, according to a report by the UK-based Committee for Middle

)ser

The Comet report said new import restrictions and foreign exchange shortages were bringing better prospects for inves-tors in enterprises manufactur-ing for the Egyptian domestic

market, The report predicted that during the five-year plan, 1987-88 to 1991-82, foreign investment in Egypt would pick up. Apart from the petroleum sector, such investment has been disappointing.

been disappointing. The improvement will result from the greater emphasis to be given to the private sector in the next five years. The Comet report said foreign direct investment in Egypt, according to a recent International Monetary Fund study, amounted to only 6 per cent of total ability to make a project pay," external liabilities.

The report forecast that in common with several other Middle East countries, Egypt would embark on a programme of privatisation of inefficient public sector companies which ecount for about 70 per cent of the state's productive sector. Comet said the experience of many investors had been nega-tive, but circumstances were improving because the Egypt-lans were gaining experience in blessing of the appropriate

BRITISH - managed Hotels Overseas is to three of Egypt's old hotels

under a long lease.

The Jersey-registered company will spend about 34m ungrading the £1 Borg >2d Scheherazade hotels in Care and the Luxor Hotel in Upper

dealing with foreign investment. The legislative climate, for example, was better.
Comet said that while the record of British investment in Egypt—about \$50m in more than 70 projects—was on the whole good, there was no use pretending that British companies found the investment

"Many have withdrawn after a number of years, frustrated by Egypt's notorious bureau-cracy and despairing of their

the report said.
Others have been dis-"Others have been discouraged by the country's deteriorating economic climate and the difficulties caused by the fact that the economy is still in many senses passing through a transitory phase."

Comet recommends investors to go for an import substitution project or the manufacture of

ministry or state company The investor should find local private sector partner with a good financial and political position and existing approval to manufacture the product in

question. The investor should also ensure that the project can compete with the public sector which benefits from price subsidies and other advantages Other rules include the need to avoid conflict with labour unions which are relatively

> also advised to establish clear understandings about import duties on components and raw materials. "Researching and applying for investment approval can be

strong in Egypt. Investors are

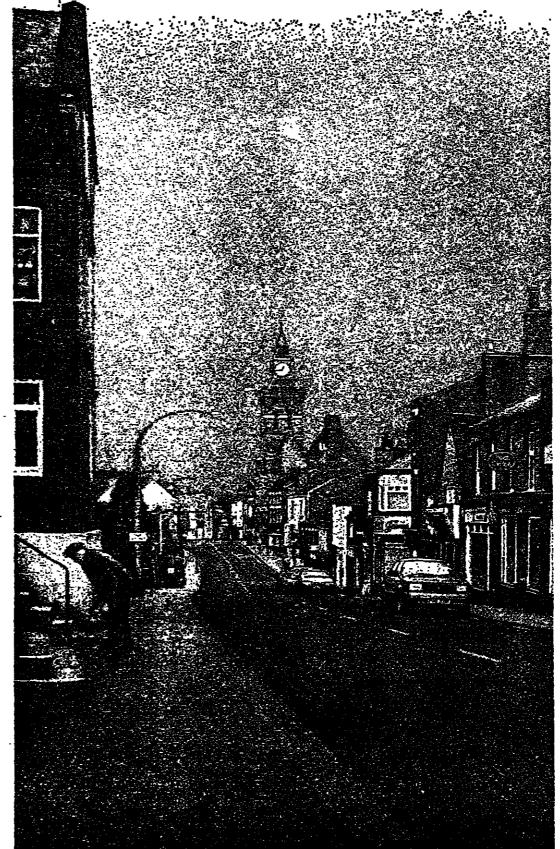
a lengthy process," Comet warned. "If, after a reasonable assessment of a project, it seems unlikely to succeed, stop and look at alternatives, or shelve research for a period until the climate has changed."

"Money can run away with you in Egypt and if nothing looks like maturing after a reasonable period of time you are probably approaching the project in the wrong way, and may well be faced with terms and conditions which will not be acceptable to your main board."

Investment Prospects in Egypt, January, 1987, Committee for Middle East Trade.

SIEMENS

The way to the stars begins at Congleton, Cheshire



There's a great deal of high-tech activity going on at Congleton in Cheshire where Siemens develop and manufacture some of today's most advanced communications products, exported to countries worldwide.

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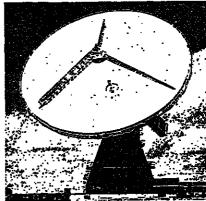
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Satellite-ground station at Goonhilly

Innovation Technology Quality **Siemens**

Dyno wins contract

KAREN FOSSLI IN OSLO

gan industrial group, has won its first contract in New Zealand. It will supply A. C. Hatrick with a production plant for formalin and ureaformaldehyde resins used to manufacture give for the wood processing industry.

The value of the contract is NKr

DYNO INDUSTRIER, the Norwe- North Island, will be a combination wood processing and give manufac-

turing operation.

The combined plant is expected to come on stream during 1988. Formaidehyde-based resins are used in the manufacture of particle board, plywood and fibreboard.

Dyno is expected to deliver the 20m (\$3.03m). The total cost of the process equipment for the glue project, which includes building a new wood processing plant by ACH. It has built 16 such plants worldis estimated to be NKr 40m to NKr wide and has three under construct-50m. The new plant, to be sited at ion. Last month it secured a similar Plymouth on the west coast of the contract in China.

To the Holders of

KONISHIROKU PHOTO INDUSTRY CO., LTD

U.S. \$50,000,000 4 per cent. Convertible Bonds 1999 NOTICE OF BONDHOLDER OPTION TO CALL FOR REDEMPTION

NOTICE OF SONDHOLDER OPTION TO CALL FOR REDEMPTION

Pursuant to Clause 14(xv) of the Trust Deed dated September 11, 1864, notice is hereby given that you are entitled pursuant to Condition 6(B) of the Bonds, at your option, to require redemption of dition 6(B) of the Bonds, at your option, to require redemption of dition 6(B) of the Bonds, at your option, to require redemption of dition 6(B) of the Bonds, at your option, to require redemption of the principal your Bond(s) on October 20, 1987 at a price of 107% of the principal amount thereof, together with accrused interest to October 20, 1987.

To exercise such option, you must complete, sign and deposit at the specified office of any Paying Agent at your own expense during hormal business hours of such Paying Agent on or after July 21, 1987 hormal business hours of such Paying Agent on or after July 21, 1987 hormal business hours of such Paying Agent on or after July 21, 1987 a notice of redemption in the form but prior to August 21, 1987 a notice of redemption in the form but prior to August 21, 1987 a notice of redemption in the form but prior to August 21, 1987 a notice of redemption in the form but prior to fair missing unmatured Coupons must be paid in U.S. the amount of any missing unmatured Coupons must be paid in U.S. the amount of any missing unmatured Coupons must be paid in U.S. the wind and any amount so paid will be repaid in the manner mentioned and any amount so paid will be repaid in the manner mentioned and on Condition 4 of the Bonds against surrender of the relevant Coupon to the specified office of any of the Paying Agents, at any time to the specified office of any of the Paying Agents, at any time to the payment of such Coupon). Such motice of redemption shall be the payment of such Coupon). Such motice of redemption shall be the payment of such Coupon. Such motice of deepsit ("receipt") in which shall be stated the serial number of such Bond(s). If you is which shall be stated the serial number of such Bond(s). If you is which shall be

Konishiroku Photo Industry Co., Ltd.

Poland signs protection pact

By Christopher Bobinski in Warsaw

POLAND's first investment protec tion agreement, complementing last year's law permitting joint ventures with foreign capital, was signed this week with Belgium at the close of a three-day visit to Poland by Mr Leo Tindemans, the Belgian Foreign Minister.

The agreement guarantees against expropriation of foreign investments in Poland and includes provision for repatriation of profits

South Korea places curbs on exports

SOUTH KOREAN exporters will have to seek government permits to sell video recorders, permits to sent vision resultation, microwave ovens, colour televisions and seven other products abroad, Reuter reports from Secul.

from Seenl.

The restraint, from July, is part of South Korea's efforts to limit its trade surplus and avert a trade war with Washington, the Trade Ministry said.

The other seven items are black-and-white televisions, stuffed toys, planos, leather bags, fishing rods, tarpaulin products and brassware.

"Exports of the 10 items rose about 50 per cent to \$443m in

"Exports of the 10 items rose about 50 per cent to \$443m in the first four months of this years over the same 1986 period and accounted for 12.5 per cent of our total exports to the US," the ministry said.

Exports to the US of 12 more products have already been voluntarily regulated. They include steel products, footwear, containers, wigs and leather garments.

Officials say South Korea will try to bold its 1987 trade sur-plus with the US below \$8bn. The surplus was \$7.3bn last As part of that effort South Kores last month unveiled a list of \$2.6bn of US goods it will buy this year.

UK NEWS

Tories seek to call tune as polls lead narrows

this morning seek to gain the initiative in the general election after the first week of the campaign in which the Labour Party has made the running and has increased its opinion

Confirmation of this trend comes in a Marplan survey in today's Guardian which puts Labour on 33 per cent, although the Tories re-main clearly in the lead on 41 per cent with the Social Democratic Party/Liberal Alliance on 21 per cent. These figures, and particular ly the Alliance rating, have to be treated with some caution since other parties are put at an exceptionally high 4 per cent.

Over the past week, Labour's average rating in the polls has risen by four points to 33 per cent, with the Tories slipping back slightly to 42 per cent and the Alliance falling over two points to 23 per cent. This would still be sufficient to give the Tories a comfortable working ma-

The Tories have deliberately taken a low profile, apart from the confidence of Conservative Central launch of their manifesto on Tues-day and various "photo-opportuni-John Biffen, the leader of the ties" aimed at television bulletins. House of Commons. He warned including a visit by Mrs Margaret against complacency and said there

BY OUR POLITICAL EDITOR

THE LABOUR PARTY plans more

extensive tax changes than specifi-

ed in its election manifesto, al-

though Mr Bryan Gould, Labour's

campaign co-ordinator, stressed

yesterday that the only people "who

might expect to pay more tax would

be those earning £500 a week or

the "extra tax cuts which the ri-

chest 5 per cent have received from

the Tory Government and to other

Labour spokesmen say other

changes will involve the reintroduc-

reforms of capital taxation.

The manifesto refers to reversing

more" (£26,000 a year).

THE CONSERVATIVE PARTY will Thatcher, to London's docklands were risks at present. Let there be yesterday to see her campaign bus, no talk of having an impregnable

This morning she will chair the first of the party's daily press conferences, where the party's new theme tune by composer Mr Andrew Lloyd Webber will be played, and February 1974." He said and she will then go on her first nather result would be "a triumph of tional tour, over a week after the moderation and realism," adding

Mrs Thatcher argued yesterday that "three weeks is long enough for a campaign. I am always afraid people are going to get tired of politics by polling day."

The Tories will now go strongly on the offensive, as was indicated in a forthright speech on defence last night by Mrs Thatcher at her adoption meeting as candidate for Finchley, north London.

Conservative strategists are relaxed about the slight firming of the Labour postion since this is mainly at the expense of the Alliance which is now clearly in third place. A characteristic counter to the

Labour plans more tax changes

charge and a possible removal of

the upper limit on employees' na-

which currently takes effect on

earnings of around £15,000 a year,

exemption of investment or un-

earned income from national insur-

NOTICE OF REDEMPTION

To the Holders of

Compañía Anónima Nacional

Teléfonos de Venezuela

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NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of December 15, 1972, providing for the above Debentures, \$740,000 principal amount of said Debentures bearing the following serial numbers have been selected for redemption on June 15, 1987, through operation of the Siziking Fund, at the principal amount thereof, together with accrued interest thereon to said date:

OUTSTANDING DEBENTURES OF \$1,000 EACH OF PREFIX "M" BEARING THE

ALSO OUTSTANDING DEBENTURES OF \$1,000 EACH OF PREFIX "M" BEARING THE FOLLOWING NUMBERS:

On June 15, 1987, the Debentures designated above will become due and payable in such coin or currency of the United Stafes of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 13th Floor, 30 West Broadway, New York, N.Y. 10015, or (b) at the main offices of any of the following: Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London, Paris and Zurich; Bank Mees & Hope NV in Amsterdam; Credito Romagnolo S.p.A. in Milan and Rome and Credit Industriel d'Alsace et de Lorraine, S.A. in Luxembourg, Payments at the offices referred to in (b) above will be made by check drawn on a dollar account, or by transfer to a dollar account maintained by the payee with a bank in New York City, Payments at the office of any paying agent outside of the United States will be made by check drawn on, or transfer to a United States dollar account with, a bank in the Borough of Manhattan, City and State of New York. Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of perjury the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of perjury the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of per

Compañía Anónima Nacional Teléfonos de Venezuela

ance contributions.

insurance contributions,

tion of the investment income sur- festo commitment to a wealth tax,

although this is not a firm proposal tables showing the impact of its One likely option is ending the proposals since that would be im-

The party is also considering a difficulty raising the £3.6bn needed series of changes in capital taxation for its anti-poverty programme

including a reversal of the easing of since the best-off 5 per cent have

capital transfer tax introduced in now received more than £4bn in tax

stages since 1979. Despite a mani-reliefs since 1979.

limited

was in power.

emblazoned with the slogan "Moving End in the poils, or of having an oping Forward with Maggie." lead in the poils, or of having an opposition neatly divided for the duration of the campaign."

Mr Biffen said the election should be fought for just as if it were "the knife-edged contests of that Tories should not believe it was "all but won."

Labour's 16-strong campaign committee met in London last night to review progress, and particularly to consider the impact in the regional television and press of the tours by Mr Nefl Kinnock, the party leader. They will also be watchin closely to see the impact of the party's first election broadcast last night which concentrates on his

personality.
Party leaders are pleased that so far they have avoided the splits and gaffes of the 1983 campaign and that they have forced the favourable issues to Labour of unemploy-ment and the health service to the centre of the campaign.

Alliance strategists are private disappointed by the poll results af-

party leaders concede that the im-mediate revenue produced might be

Mr Gould said yesterday Lebour

would not produce detailed tax

possible to estimate until the party

Labour believes it should have no

Industry's capital investment shows no sign of increase

signs that British industry is beginning to invest more, and capital ex-penditure dropped in the first quarter of this year, according to provisional figures released yesterday by the Department of Trade and In-

Capital expenditure by the manufacturing, construction, distribution and financial industries totalled £4.71bn in the first three months of the year, nearly 1 per cent below the previous quarter and just over 3 per cent below the first quarter of 1986. The value of expenditure is seasonally adjusted at 1980 prices.

The Government said in its budget report that the prospects are for nvestment to grow rapidly this year. The report pointed to a DII survey of investment intentions in December which suggested growth ment of about 6 per cent this year, continuing into 1988.

Yesterday's figures showed some pick-up in manufacturing invest-ment since the end of the last year and investment included leased as-sets was 5 per cent higher in the first quarter than the previous quarter. However, it was still nearly

per cent lower than the first quar-The comparison with the first

THERE ARE still no convincing year before the final phasing out of capital allowances in April.

The volume of manufacturing in vestment (including leased assets in the last 12 months was 8 per cent lower than in the preceding 12-month period. Within this, investment on individual assets increase by nearly 3 per cent for new building work but decreased by almost 11 per cent for vehicles and by 7 per cent for plant and machinery.

The DIT's provisional estimate for investment by the construction, distribution and financial industries in the first quarter was £3.07hm, 3% per cent lower than in the preceding quarter and % per cent lower than in the first quarter

Separate provisional figures re leased yesterday showed that the level of stocks held by manufacturers, wholesalers and retailers rose by about £135m in the final quarter of 1980 prices.

stocks rose by about £160m following destocking by almost £350m during 1986. During the first quarter, wholesalers' stocks rose by about £25m after a rise in the whole of last year of £75m.

The level of retailers' stocks in the first quarter of 1987 appeared to be roughly the same as in the previquarter last year has to take into ous quarter after seven successive account the high level of invest-quarters of stockbuilding, according

Barclays union threat to Connect debit card

BY JOHN GAPPER, LABOUR STAFF

BARCLAYS BANK faces further junction to stop the action taking problems with its already troubled place.

Connect direct debit card from 40,000 staff who have balloted in fa- of the Barclays Group Staff Union, vour of not co-operating with the card's launch and operation.

union voted, by just the 60 per cent majority required, to start industri-al action on June 1 over the imposition of a 5 per cent pay award. The card is to be launched publicly two The move follows criticism by re-

tailers of the bank's intention to charge a fee of 2 per cent on the cost of each purchase using Connect, the first of a generation of cards expected to pave the way to cashless shopping

The bank union's executive committee decided on Tuesday that non-co-operation and an overtime ban will go ahead unless negotiations on the pay award imposed by the Federation of Clearing Banks in April are resumed.

The union said yesterday that the of an increase in the pay

Mr Eddie Gale, general secretary

said that he believed the action over the pay offer imposed on 150,000 Members of the bank's staff staff in three major clearing banks would seriously disrupt Connect's introduction.

Mr Gale said that although the scheme was largely computerised. most purchase vouchers would at some point need to be processed by members of the union, who comprise about half of total staff at Bar clays' 2,850 branches.

A ballot of 40,661 members of the union held last Thursday produced a majority of 80.01 per cent in fayour of action of the 16,229 who voted on the question. Barclays would not comment on the prospect of dis-

Mr Nick Cowan, director of the federation, said yesterday that there was "absolutely no prospect" bank had in turn questioned the le-gality of the ballot, which was con-clays, National Westminster and ducted at the end of last week, and Lloyds, which together form the indicated that it might seek an in- Clearing Banks Union.

Jobs boost at Unigate

UNIGATE, the foods group, is to ex- formed Unigate Poultry. The other pand its poulity rearing and pro-cessing business with a £55m com-plex of new chicken farms and fac-tories centred on Scuntherpe in More than 850 of the jobs will be south Humberside, north-east Eng- in a new processing factory to be

Steel closures caused the loss of

proposal for organic growth ever 5 per cent, with the market now at undertaken by Unigate, which has 560m birds a year. To satisfy deso far been expanding its poultry business by acquisition, notably through the purchase of Thornhill's Despite their profitability, Un-Country Produce. Exports to Europe are expected to provide a sub-stantial part of the business.

The new facilities will trade as
Turners Chickens and will join
Turners Turkeys of Spalding, Lintoolnshire, as part of the recently

The last two of these a repart of

built at Scunthorpe. Unigate's expansion in poultr 10,000 jobs in the area during the follows the growing popularity of recession and unemployment is still chicken, which the company says at 17.8 per cent. About 1,200 new jobs will be in- first time in the UK. Demand for volved and the project is the biggest white meat is growing at an annual

Despite their profitability, Unigate is also selling its five engineering businesses to concentrate resources on its faster-expanding

Unigate's Giltspur division, from which three of the engineering businesses will now be shed. The other engineering companies are part of Unigate's Wincaton division, which is chiefly concerned with transport

Spending increase Ladbroke urged to remove fails to inner-city decay win Extel injunction BY HAZEL DUFFY

By Cley Harris

LADBRORE, the betting, hotels and retailing group, yesterday failed to win an interim injunction in the High Court in London pre-venting Extel the financial and sport information company from disseminating certain specified ru-

Mr Justice Leggatt, who heard arguments in chambers, said that Ladbroke had "failed to show that there is any evidence capable of supporting the allegation that Extel was the author of the rumours." Costs were awarded to Extel.

Ladbroke, however, claimed a moral victory. It noted that the judge had "made it clear that at no time in the course of the proceedings was there any suggestion that the rumours which form the company's complaint had any foundation in fact whatsnever."

Ladbroke issued the writ on May 8 after a flood of rumours led to sharp falls in its share price, at one point reducing market capitalisa-tion by 10 per cent. The London Stock Exchange is proceeding with an inquiry, launched at Ladbroke's request, into share dealings at that

Extel was especially concerne about the allegation that it had sug-gested that Ladbroke was improp-erly using Satellite Information Services (SIS) to further its own financial interests and that Extel had caused the Office of Fair Trading investigation info SIS.

The judge said that this claim was not worth the paper it was written on," Extel said yesterday Extel's own audio and tape service. Ladbroke is the single largest groups of Britain's other largest shareholder in SIS, and the parent kers also have major

SIS, which earlier this month be garlive telecasts of race mettings to

betting shops, competes with.

"The decision fully vindicates Extel and upholds and reinferees our reputation for integrity and imper-tiality," Mr Alan Brooker, chairman and chief executive, said yesterday. A MASSIVE increase in spending of fully markstable tex exempt on the renewal of inner cities, to be revenue bonds, like Mational Sav-

ings Cartificates. Bonds would have to be guaranmanaged by an agency specially ingo Cartificates.

House would have to be guarantees for the purpose, was proposed by the Royal Institution of British Architects in a report publication of the colored one of the other, with a lowinvestors, and the other, with a low-The institution's committee on in-ner cities, set up at the institution of variety of marginal tax refes.

The institution proposed that the

The institution proposed that the gency, which would be responsible to the Environment Secretary. that inner-city decay is one of the agmost serious crises confronting to Britain today.

The report says this scale of deprivation and decay is inadequately addressed by government efforts, which are criticised for their fragular to take ever responsibility for the mental and bureaucratic approach. It recommends a National Urban in Encland. in England

Its sim would be to co-ordinate and capitalise on the numerous lo-cal initiatives, whether groups of intial funds from government, impose programmes from the omfrom Elbn annually is recommended, half represented by the unban programme, currently managed by the Environment Departs
ment, which would be handed over
to the agency.

This would be done by extending tract private funds totalling up to a loans to developers and non-profit-tions to developers and non-profit-tions to developers and non-profit-size annual programme. The main making local bodies, guaranteeing avenue to the private sector would loans, stheldising interest and instibe through the issue by the agency gating equity investments.

Lenders urged to set up central debt register

debt register.

It recommends a National Urban

Renewal Agency be set up to pro-

vide a clear strategy and organisational structure which would enable

co-ordinated action to take place. The agency would need substan-

to the agency.

This would act as a catalyst to al-

when consumer borrowing was growing rapidly.

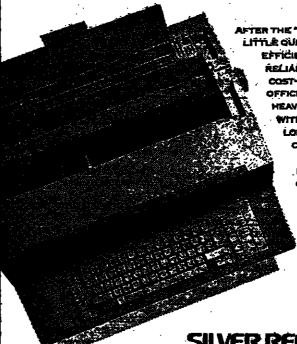
In a speech at the Building Sociaties Association's annual conference in Harrogate, Mr Leigh-Femberton said he well-ence in Harrogate, Mr Leigh-Femberton also appeared to support societies in their effort to increase their access to wholestile financial markets.

MR Robin Leigh-Pemberton, The idea of a centralised debt Governor of the Bank of England, register, which lenders eculd converted to feed financial information about their borrowers into a central debt register.

The idea of a centralised debt register, which lenders eculd converted to check on a potential borrowers about their borrowers into a central has gathered pace in recent months, Banks, lad by Barclays, are He said that this would reduce thinking of putting information the chances of bad debts at a time about their borrowers into such a

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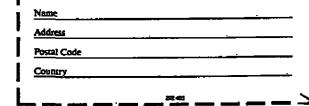
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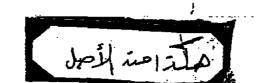
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Nissan drops van built in Spain

By Kenneth Gooding

THE IMPORTER of Nissan vehicles to the UK has stopped distributing the Trade van built in Spain by the Japanese group.

Instead, the independently owned Nissan UK will concentrate on selling the Urvan van which is imported from Japan.

Since the Trade van, made by Motor Iberica, Nissan's loss-making Spanish subsidiary, went on sale in the UK at the end of 1985 about 970 have been registered. More than 100 are in stock and still to be sold. Nissan UK said yesterday it had

cial vehicle range offered through its dealers because competition had become so fierce. The Trade and Urvan vehicles had approximately the same carry-

decided to rationalise the commer-

ing capacity but the latter was a better-looking vehicle and shortly due to be improved by a major "face-lift." Last year Nissan sold 1,900 Ur-

vans in the UK. It will continue to import all the four-wheel-drive Patrol vehicles for the UK from Motor Therica in Spain.

Hazel Duffy looks at the flow of cash support from Whitehall to industry

Advisers raise stakes in the grants business

HOW MUCH did you get from the the Government is from Lucas Elec-Government last year? runs the trical part of the Lucas group,

ment funding package extended to the group, to modernise uneconomwest England. RTZ employed Euring open a factory which Lucas had rofi consultants to help put its case planned to close. to Whitehall. The consultancy is one of a number offering specialist and local agencies is that the plan is advice to companies on Govern-ment and European Community

Grants are big business. Department of Trade and Industry (DTI) grants alone exceeded £500,000 last year. Then there are grants for training, special grants for develop-ments in the inner cities, grants from the development agencies in Scotland, Wales, Northern Ireland, local authority hand-outs, and Euro-

pean Community funds.

Total amounts paid over to busichining. Few schemes now offer automatic entitlement to grants. It is very much up to the company to convince Whitehall that its project qualifies. Many schemes are based on the premise that assistance is forthcoming only if the project would not otherwise go ahead. An application at present before

MONDAY

opening line of an advertising bro- which wants assistance to save its chure which dropped recently on car instrument factory at Ystrad-

thousands of managers desks.

The answer for Rio Tinto-Zinc was £25m. That was the Governto Wales of automotive wiring harnesses from plants in other parts of the country which are up against ic tin mines in Cornwall in south- capacity constraints, thereby keep-

> viable only with help from the public sector. That is for Whitehall to decide. Officials must be satisfied that, in this case, jobs are not sim-ply being shifted from non-assisted areas to a place where aid can be had. They will also be keen to grant only the minimum necessary to enable the project to go ahead. Lucas likes to negotiate direct

with the Government, but compa-nies not familiar with procedures may find it difficult. Knowing what Total amounts paid over to business by Whitehall, however, are degrants scene is complex. Some schemes are flexible, others much more rigid.

"A lot of companies do not understand what is around," says Mr Al-an Perry, who joined the accountants Ernst & Whinney from the Treasury last year to run a grants er than the other way.

Some big companies are

The specialists do not like to be very chied up. But arrangements

STATE AID TO INDUSTRY 900 Regional Development Grant Selective Assistance to Industry in Assisted Areas Selective Assistance to individual industries, Firms 600

can be very patchy in other compa-nies, particularly where responsibil-ity is delegated to subsidiaries and

sary, negotiate with officials.

They will also advise clients to include an assessment of Government assistance when running has a pilot project where proposals through budgets and plans, and perhaps tailor projects around aid rath-

DEPART LONDON 1930 ARRIVE TOKYO 1510

to try to pull a fast one over the DTI but to make the whole process go ranches."

more smoothly, says Mr Tim LinaThis is where the consultant can
cre, of the accountants, Deloitte. come in. They will give their opinion on whether the company will qualify; draw up the proposal to go to the Government and, if necessary work on, so that the critical time span between application and offer

can be managed.
In the Birmingham area, the DTI are put out to accountancy firms to be assessed, so it can be argued

There could be a drawback with this increasing "professionalisa-tion of the grants process, by mini-mising contact between officials and companies and making the whole exercise more legalistic.

Whitehall points out that the quality of consultants is not uniform. Some are said to charge their clients a percentage of the grant which they get from Government. although most charge a fee according to time spent on the project.

Despite these qualifications, the consultants' stake in the grants business is likely to grow, Many companies do not have the exper-tise and persistence simply to find out what is on offer, particularly if it means obtaining information from more than one Whitehall de-

Meanwhile, Whitehall, rightly vigilant of the public purse, tries ever harder to meet its obligations to business at minimum cost. The recent report from the National Audit Office, the parliamentary watchdog. suggested that the Government had paid out more in the past than was

Procedures have been tightened but there was still room for imthere is a certain logic to those pro-posals being drawn up by such ably means more work for the spe-

Holiday tour booking conditions labelled a public scandal

iday tour operators are causing a public scandal, according to the edi-tor of consumer magazine Holiday

Mr Jonathan Shephard accused travel firms of shockly contractual standards with booking conditions which were "a highly successful confidence trick." His magazine had bulging files of holidaymakers complaints about alterations to date, price, hotel, resort and airport made by operators after hookings and payment had been settled. "It is a public scandal that holi-

daymakers in one of their main purchases of the year, can have their care and forethought defeated by the action of a tour operator."

Addressing a young isswers international association conference

SHODDY booking conditions of hol- in Manchester, Mr Shephard said that booking conditions were full of clauses "which can con the public into settling for less than their legal rights." He said the amount of compensation offered was "derisory."

A spokesman for the Association of British Travel Agents, which rep-resents more than 550 tour operators, described Mr Shephard's re-marks as "mischievens and inserurate," and called for them to be

Official figures on holiday complaints was low compared to other industries. In 1965, there were just 2.2 complaints per film spent, com-pared with 22 per film spent on household appliances, said the

Surplus 'spells bargains'

lidaymakers could snap up some real bargains over the next few hunters very much in the dark months, according to Thomas Cook, about the final details of their holithe travel agency.

From its survey of the package tour industry, the company reports keemly priced package holidays that there are still 3m summer holiavailable which people could book days available, many of them keem with confidence, he said, although

ing director, said: "I think some of mid-July and August.
the tour operators over-read the Examples of late availability holilikely 1987 summer market when days include: a seven-night apartthey planned their brochures last ment holiday from Glasgow to Cor-year and now there is a mountain of fu with Horizon for £79, or with the surphis holidays.

keen to shift extra sales, were breakfast hotel holiday on Ibiza for "shifting their spare holidays by of-

A SURPLUS of package holidays faring bargains which postpone the still unsold means last-minute bo- allocation of hotels until the client reaches the resort, leaving bargainday location and accommodation."

However, there were plenty of priced. many of the popular resorts were Mr John McEwan, Cook's manag- beavily booked at peak season in

the said that some tour operators, to Corfu, a seven-night bed and

TUESDAY DEPART LONDON 1930 ARRIVE TOKYO 1510 WEDNESDAY DEPART LONDON 1930 ARRIVE TOKYO 1510 FRIDAY DEPART PARIS 2040 ARRIVE TOKYO 1525 SATURDAY DEPART LONDON 1930 ARRIVE TOKYO 1510 SUNDAY DEPART PARIS 2040 ARRIVE TOKYO 1525 SCHEDULE EFFECTIVE FROM JUNE 1st. EVENING DEPARTURE TIMES ALLOW EASY CONNECTIONS FROM OTHER EUROPEAN CITIES OREARINE FLIES NON-STOP GIENES AND ELE





Tipoffs to Next Major Upswings

Every big New York silde is a screen for informed accumulation in next areas of bullish emphasis. Deflationary agricultural prices knocked out so many farmers that high-tech business centres needing tons of cotton in wall and floor coverings are rising over yesterday's cotton fields. A natural readjustment factor reviewed yearway's cotton reside. A natural readjustment factor reviews in the newest Indigo "Discovery" report drives cotton up with other commodities and the public runs out of financial-asset blue chips that were peaking last winter. Philip Morris has lost \$10 since April; but Hewlett Packard in problem-solving lost \$10 since April; but Hewlett Packard in problem-solving technology has gained \$10. Gold's cyclical resurgence generates further financial-esset liquidation; but Stratys Computer climbs more rapidly than gold-producing Homestake.

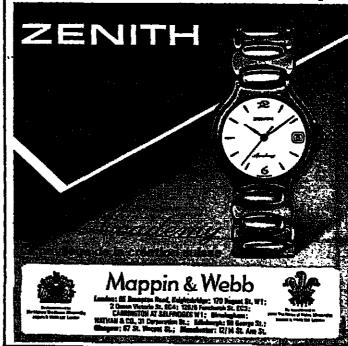
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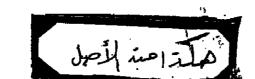
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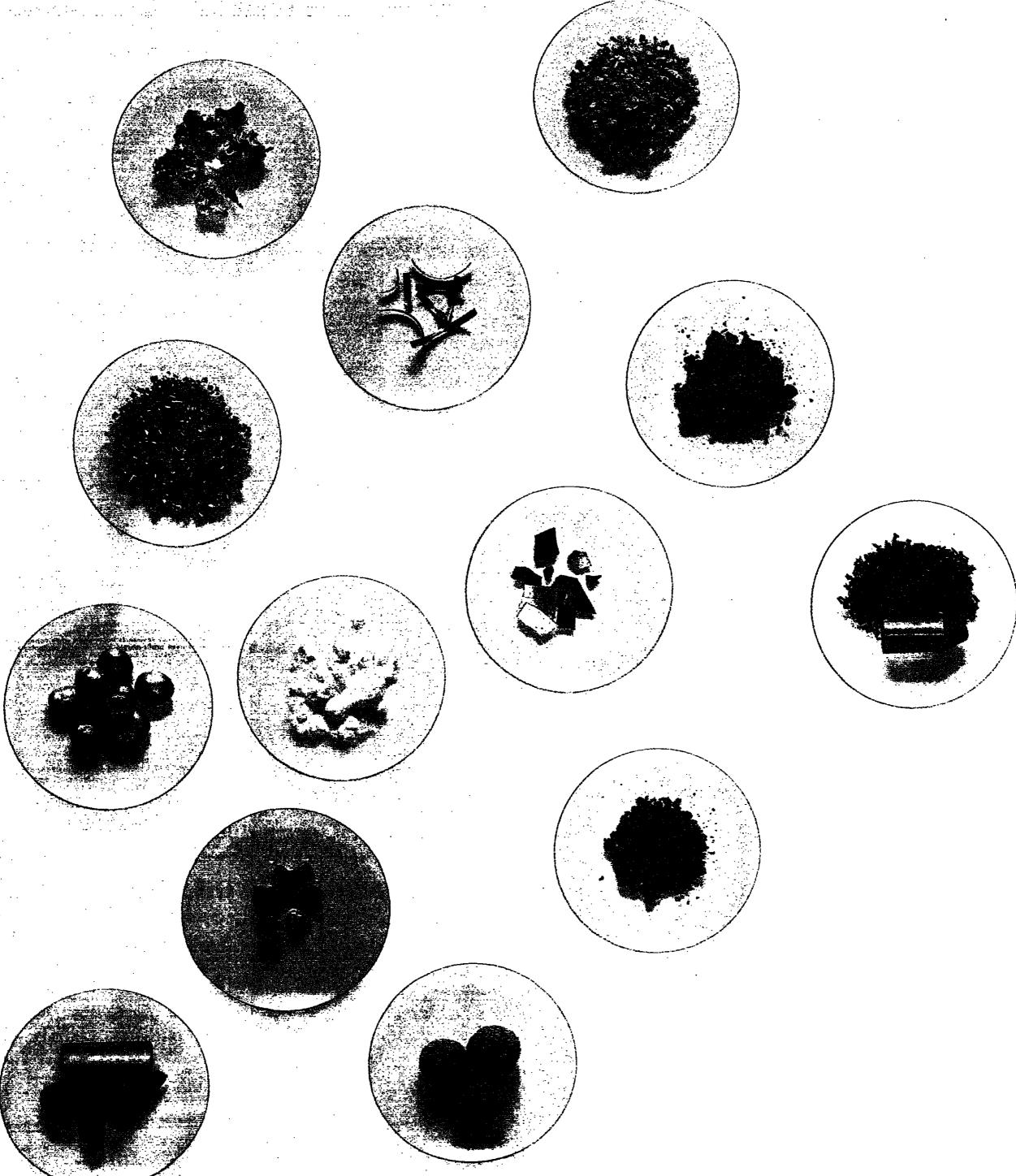
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Shell Chemicals

Communist

Party

By Yem Lynch

launches

manifesto

THE COMMUNIST PARTY yesterday put a brave face on the bruising struggles of the

past few years to launch its

manifesio.

The party's troubles, which colminated at its 1985 conference with the victory of the Eurocommunist faction over the Moscow-leaning hard-left grouping, has left the party with fewer than 10,000 members and without control of the Morning Star, the daily newspaper which has preached the party line in previous general elections.

Another measure of the

The control of the co



David Owen: no change in

Alliance unshaken by polls

By Tom Lynch, Philip Rawstorne and Ivor Owen

THE POOR Alliance showing in said yesterday.

Dr David Owen, leader of the Social Democrats, also refused to accept that the apparent slip in Alliance support meant a change in campaign strategy was required, with more em-phasis being placed on attacking the Labour Party.

Mr Steel said that the Alliance's rating had slipped as low as 14 per cent during the 1983 campaign, recovering to 26 per cent in the election.

He said the parties had come

Alliance leaders see hope for deal on defence

BY IYOR OWEN AND TOM LYNCH

nuclear defence policy puts yesterday Mr Beith said there Britain's security at risk and was "no way" the Alliance that they would be safeguarding would be party to an arrange-the national interest if they ment which left the UK with with the Conservatives — the price of which would be consessions on proportional repre-

Dr Owen challenged the Tory and Labour leaders to a public debate on defence while Mr Alan Beith, the deputy Liberal leader, implied that the Alliance would have to be convinced of the polls would not force a change in campaign strategy, Mr David Steel, the Liberal leader, said vectorize.

formulation to ensure that the Alliance commitment to a minimum nuclear deterrent has past. been presented in terms which leave open the choice of

leave open the choice of weapons to replace Polaris.

Mr John Cartwright, the Alliance defence spokesman, confirmed yesterday that the solution most likely to be favoured by the Alliance is the installation of cruise missiles on the hunter-killer submarines and on those now being built for Trident. However, he and Mr David Steel, the Liberal leader, were care-

that has led Liverpool to the brink of ruin and the fact that it comes from the hard right rather than the hard left makes it no better."

"We alone can check the folly of extremism on which the fanatics of far left and far right flourish," he declared.

Mr Cartwright said yesterday there was "no argument for there was "no argument for the question now.

"I will debate the question now.

"I will debate with her at any time that she chooses what she calls the central issue of this campaign — the defence issue and nuclear deterrence. It would be helpful if Mr Kinnock would also oblige."

LEADERS of the SDP-Liberal defence commitments would Alliance believe that they will be needed to ensure that combe able to make the Conservamitments matched the retives an offer they cannot refuse sources available. Trident if the Tories want to prevent a Labour minority administration in a hung parliament. Dr Owen has already ruled

Alliance leaders argue that out any possibility of a deal with Labour's commitment to a non- a non-nuclear Labour policy and offered to enter into a coalition "no foreseeable defence against with the Conservatives — the nuclear blackmail." In a reference to Tory policy, he also ruled out a deal involving sentation. "nuclear commitments that
This emerged yesterday after don't add up."

Any deal involving the retention of nuclear weapons would present difficulties for Mr Steel, who recognises that his party must accommodate those whose opposition to nuclear weapons stems from Quaker or other pacifist beliefs—he has little time for the CND activists
whose presence at Liberal
assemblies has caused him so much embarrassment in the

To sweeten the Trident pill, the Alliance would insist on active steps to introduce proportional representation—even if that meant the Conservatives replacing Mrs Thatcher as leader. The most likely mechanism would be an act of parliament followed by a reference.

Alliance leadership still the re-election of the Conservatives.

In Liverpool last night, Mr Steel accused Mr Thatcher of mimicking the Militant Tendency.

The Prime Minister's insistence that she would not negotiations with the Defence Staff showing that trimming the number of was most likely to produce the said, "is exactly the attitude that has led Liverpool to the brink of ruin and the fact that it comes from the safe and most effective that the safe and most effective that the safe that has led Liverpool to the brink of ruin and the fact that it comes from the safe and most effective that the safe that has led Liverpool to the brink of ruin and the fact that it comes from the safe and most effective that the safe that has led Liverpool to the brink of ruin and the fact that it comes from the safe and most effective that the safe that has led Liverpool to the brink of ruin and the fact that it comes from the safe and most effective that the safe that has led Liverpool to the brink of ruin and the fact that it comes from the safe that has led Liverpool to the brink of ruin and the fact that it comes from the safe that has led Liverpool to the brink of ruin and the fact that it comes from the safe that has led Liverpool to the brink of ruin and the fact that it comes from the safe that has led Liverpool to the brink of ruin and the fact that it comes from the safe that has led Liverpool to the brink of ruin and the fact that it comes from the safe that has led Liverpool to the brink of ruin and the fact that it comes from the safe that has led Liverpool to the brink of ruin and the fact that the safe that has led Liverpool to the brink of ruin and the fact that the safe that has led Liverpool to the brink of ruin and the fact that the safe that has led Liverpool to the brink of ruin and the fact that the safe that has led Liverpool to the safe that the safe that smarting from the Conservative manifesto charge that their de-fence policy would lead to the unilateral abandonment of Britain's nuclear weapons, and

debate the question now.

"I will debate with her at any time that she chooses what fined £1,450 on Wednesday after



ALL ABOARD MRS THATCHER'S PRIVATE BUS

MRS THATCHER - backed by husband Denis-yesterday inspected her campaign battle bus painted true Tory blue and boldly emblazoned with the slogan "Forward with Maggie," writes John Hunt.

The event took place in the London Docklands development area dominated by newly constructed office buildings and temples to advanced technology.

The Prime Minister enthused about the dynamic growth in the area, describing it as a "classic example of free enterprise and Toryism at work."

In fact the London Dock-lands had clearly been care-

Gorman chosen for Billericay

MRS TERESA GORMAN, a former Westminster City council-lor, has been selected to replace Mr Harvey Proctor as Conserva-tive candidate in Billericay,

claimed it was completely justified in parapharsing comments about unemployment made by Mr Norman Tebbit, the Conservative chalrman, admitting charges of gross induring the 1983 general election campaign.

decency.

Mrs Gorman will be defending a Conservative majority of 14,615.

priate backdrep for the television cameras.

The television companies are said to have imposed a self-denying ordinance to avoid having their selection of election pictures dictated by the major parties.

But there was not much sign of this yesterday at Mrs Thatcher disappeared behind a massive phalanx of television and newspaper camera-

Naturally, the Prime Minister immediately placed herself in the driver's seat to try out the controls. The airconditioned bus is a complex control centre containing two computers, a television

over Tebbit

The comments, used in a Labour Party press advertise-ment earlier this week, pro-voked an attack from Mr Teb-

bit who denied using the words attributed to him.

According to the Labour advertisement Mr Tebbi said in a radio interview in 1983:

challenging him to

screen and all mod-cons for the comfort of Mrs Thatcher and her staff. The glass is suspiciously thick but her staff declined to say whether it was built-proof. "We have taken certain precautions," said

"Could you take your left

hand?" asked one photo-grapher as she examined the exterior of the vehicle-"No, we go forward by the right," replied Mrs Thatcher sternly.

The Prime Minister said that she had not even seen that morning's Gallup Poll in the Daily Telegraph which gave the Conservatives 42 per cent, Labour 33 per cent and

could not produce evidence, he expected the party to pay £500

Labour yesterday produced a

tape of the interview, resurrected from its south London headquarters, and

claimed victory over Mr Tebbit. The radio interviewer had asked Mr Tebbit if in four or

had actually gone below 3m.

Mr Bryan Gould, Labour's

the Alliance 23 per cent. However, it was clear from her re-marks that she was worried that the Conservative lead in the polis could lead to complacency on the part of her supporters.
"Three weeks is long

enough for a campaign," she said. "I am always afraid people are going to get tired of politicians by polling day."

The party did look at opinion polls, she said, but the only one that mattered was when about 25m people went to the polls on June 11. The Conservatives would just go on "ful steam aboad" put-ting their policies to the eloctorate regardless of polls.

Howell unveils Labour plans for sport

By Lisa Wood

MR DENIS HOWELL Labour's spokesman on sport, yesterday unveiled the party's programme for sport and leisure. to a charity of his own choice.

The programme, the result of a 12-month study, involved consultations with 289 national sports organisations. No other party, Mr Howell claimed, was producing such a comprehensive :manifesto. .. A first priority of a Labour

five years' time, should the Con-servatives win, Mr Tebbit would be able to say unemployment government, he said, would be to stop the selling of school playing fields and, by strengthening planning pro-Mr Tebbit had answered: "If cedures, to prevent rooteau grounds from falling into the hands of financial speculators. "If unemployment is not below I did not think we could do
Sm i nive years, then I'm not that I don't think we would be
worth re-electing."

Mr Tebbit wrote to Mr Kinelection."

Labour government, he would reduce football pool betting duty from 42} per cent to 40 per cent on condition that the promoters and the Football Trust used the £12m a year saved for the benefit of

drifted to 66-1 from 33-1 and the Tories have eased to 1-7

Another measure of the damage wrought by the internal feud is that the party is fielding only 18 candidates, down from 34 last time. Yesterday, Mr. Gordon. McLennas, the party's general secretary, presented the manifesto with great selemnity, flanked by five of those candidates, all trying not to look as if they expected to lose their deposits.

There is also the slight elec-There is also the slight elec-

toral problem that the most famous advice recently given by one of their luminaries was Professor Eric Hobsbawn's recommendation of tactical voting to defeat Mrs Thatcher. The official line is that Com-munists who do not have the good fortune to live in a consti-tuency with a Communist can-didate should vote Labour.

Mr McLennan accepted yestertactically in view of the country's voting system—the fact that the CP is a long-standing advocate of proportional representation is one of Britain's more obscure political facts. However, he said: "As a British political party entering this election we consider that to advise that approach on a mass, all-British scale would be counter-productive."

be counter-productive."

He indignantly denied charges that Communists standing in marginals such as Green-wich would take votes away from Labour. The 19 consti-tuencies had been chosen on the basis of their record of Communist activity. "The partici-pation of Communists is a political question, not a mathe-

matical question."

Mr McLennan said the advice to vote Labour where there was no Communist standing was given because of "the central necessity of ending eight years of Thatcher government," and was in spite of major inade-quacies in Labour's stance. He said Labour's piedge to

cut unemployment by 1m in two years was "a laudible but insufficient aim." should be set higher, which would involve "more powerful action against big business and multinational corporations." He was also critical of a clear commitment to repeal all union

legislation.
If Mr McLennan was in tune with the Kremlin, there was no Labour odds shorten
Labour odds shorten
Labour victory on the basis of defence policy. The scrapping of nuclear weapons was all very the odds on a Labour victory to well in as far as it went, but he did not accept that the motivation should be to build up conventional forces in a more

night, rising on polling day itself to perhaps 400—including

volunteers drafted in from lesswinnable constituencies nearby. such as Devizes. (Though he adheres to the "broad church"

view of the party, Mr Walton would deal "severely" with any attempts to peddle the views of

Militant Tendency or any other factions on the doorstep.)

two companies

Your computer systems don't.

Where do you start?



produce a tape recording or campaign co-ordinator, said yesverified transcript. He said terday: 'The statement we have that if Mr Kinnock could do attributed to him is exactly in so he would personally pay £500 line with the meaning of the to a charity of the Labour words he said."

Labour claims win

THE LABOUR Party yesterday leader's choice, If Labour

LEADERS of the Ulster Unionists said yesterday that elected of the Official Unionists said:
"We seek election to parliacandidates would only go to par-liament to fight the Anglo-Irish agreement.

We seek election to par-ment with one aim only—to use our membership to put right a great wrong done to Ulster."

Unionists set to fight

4-1 from 6-1. Alliance odds have

powerful contribution to Nato. **Labour campaign on a new platform**

SOMEHOW IT would not seem right if the Labour committee rooms did not have the battlescarred treste tables (on loan from the Co-op), the wooden folding chairs and the inky Roneo duplicator. Sure enough, these time-honoured campaign essentials are all present and correct at Labour's election offices in Swindon, Wiltshire. But so, too, are some gadgets quite un-dreamt of in the days when

the town's railway workshops virtually ensured the regular return of a socialist MP. Not only is there an electric typewriter and photocopier, but there is even a computer that has already dealt with the once Herculean task of completing address labels for all 87,000 voters in the constituency, the ninth-largest in the UK

ninth-largest in the UK.

It may be a mixed blessing, as local labour agent Mr Jeff Walton admits. "We used to have dozens of people writing them and they used to love doing it in a way But the time. doing it, in 2 way. But the time commitment was just so vast. Anyway, we'll still have them stuffing the envelopes."

Both in running the campaign and in planning it. Labour accepts the need to adapt and change, if necessary, if it is to regain the Swindon seat it lost to the Tories in 1983 in a result seen as reflective of the town's change.

The run-down of the railway workshops and the continued growth of high-tech industry has in the past four years accelerated the change. But Mr Walton believes that Swindon remains at heart a Value town remains at heart a Labour town and that a sharper approach by a local party since doubled in size will set the record straight. So convinced is he that, at 36, he has given up his job as a chemistry teacher to concen-trate on his work for the party and its Swindon candidate, Ms



Jeff Walton: teacher turned political party agent

felt it was the right thing to do," he says. "If we lose it means I go back to teaching; if we win, then with a bit of luck Gaye will have a bit of money to employ some help and she might choose me." Mr Walton is typical of the

David Brindle looks at an agent's role in a role-changing

constituency

spare-time agents who make up the overwhelming majority of Labour's forces in the field. Although he quit teaching last Christmas, this week will be the first in which he has drawn a wage—probably £100, he thinks—depending on other campaign expenses. His wife Lesley, who works for a housing association, is herself a Labour activist and Gaye Johnston.

18 herself a labour section to

"At this stage in my life I fully supports his decision to

stituency party suspended during the campaign, the agent becomes the sole party official. In addition, Mr Walton has arranged insurance cover for any accidents that occur during the campaign and, by Wednes-

He will organise probably only four public meetings, apart only four public meetings, apart from sessions arranged by groups such as churches or residents' associations. "You hold a public meeting and get about 25 people, most of whom are party members," he says. "Things are far more linked to tarket knows and direct mail

Roser Taylor

Local Labour strategists have identified no fewer than 20 target groups for direct mailtainest the sale party strategists have identified no fewer than 20 target groups for direct mailtainest the sale party workshop employees and households likely to suffer from a Tory-imposed poli tax: a three-adult family would nay find the public workers' union, which is sponsoring Ms Johnston and is thus helping the party to spend right on the statutory limit for the constituency of almost £5,900.

Not that the money is in the constituency of almost £5,900.

Not that the money is in the confers yet. Collecting the funds and liaising with the party's hank (the Co-operative—"very understanding," says Mr Walton's attention so far has concentrated on cultivating an expected 2,000 postal voters, 80 per cent of whom are likely to be Labour supporters on his reckoning.

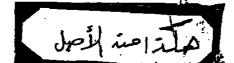
As Conservative candidate Mr Simon Coombes is defending a majority of only 3,295 (2.5 per cent) and as SDP candidate Mr Derek Scott is looking to increase hts 1983 vote share of 24 per cent, the postal votes could be crucial.

24 per cent, the postal votes could be crucial, too, could be the appeal of Labour's election address—mailed tow. is the end of the campaign to each voter and evidently Mr Walton's pride and joy.

the campaign and, by Wednesday's deadline, he must have completed and lodged the candidate's nomination papers duly signed by 10 electors and backed by a £500 deposit.

From the weekend, he will black and white in manila envelopes," he says,





Kinnock pledges to restore Class told of teacher negotiating rights

He said that one of the first decisions to be taken after he moved into Downing Street would be the restoration of the negotiating rights to which the teachers' professional status and performance entitled them.

MR NEIL KINNOCK, the Labour leader, yesterday refused to be drawn on the teachers alone to take and that he did not want to superdisruptive action in the run-up to the general election but pledged that a Labour government would, within hours of being elected, remove the cause of the dispute.

Mr Kinnock, who was visiting schools in Newcastle, said the teachers' action represented "a measure of the immense resentment" at their treatment by the Government.

The Labour leader attacked the Government's education proposals, claiming it was trying to run schools "as if they were supermarkets." He claimed that teachers and parents were aghast at what he called "the shadow Education Secretary, that the teachers should withhold their action during the campaign, Mr Kinnock said a "strategic approach" had been suggested to the teachers but that they bad been under no obligation to accept it. He added: "That is what happens added: "That is what happens in a free society."

performance entitled them.

Of the latest decision by the teachers to double the number of strikes in the two weeks before the election, Mr Kinnock in the content of the latest decision by the policies with him face to face. The past eight years, the Tortes he said: "The more exposure now want to intensify that dividual for the past eight years, the Tortes have a guarantee of our conformance entitled them.

Of the latest decision by the policies with him face to face. The past eight years, the Tortes how want to intensify that dividual for the policies with him face to face. The past eight years, the Tortes have a guarantee of our conformance entitled them.

ters who did not trust the state education system to teach their own children of ignoring the opportunity to make British schools fit for the future. They had, instead, "subjected education to downs insecurity and tion to dogma, insecurity and insults."

He continued: "Not content with increasing social division and disabling our economy in

BIM hits at parties over training

in their manifestos the "vital issue" of management training. "We were shocked and appalled that one of the most crucial problems facing the

received not one word of attention in the Conservative, Labour or Alliance manifestos," Mr Peter Benton, director general of the British Institute of Management, said yesterday at the institute's launch of its Managers' Mani-

pared with nine out of 10 in the US. The number of people taking a basic management qualification each year needed to rise from the present 2,000 to 30,000 or 40,000.

"How can you have a broad enterprise culture without ade-quately trained managers? Effective management is crucial in the generation of wealth, for the benefit of the entire population," said Mr Benton. 'It is the classic example of The institute, which repre-physician heal thyself," said Mr sents 75,000 managers in the profit-sharing schemes.

BRITAIN'S managers fiercely attacked all three main political parties yesterday for ignoring in their manifestos the "vital and management training, com- and innovation.

Brian Wolfson, BIM chairman. UK, said in its manifesto it only one in 10 managers expects the new Government to enterprise any management training, com- and innovation.

"Managers are keen to improve the UK's industrial and trading position and the Gov-ernment has a role in providing a clear industrial strategy," said Mr Benton.

The manifesto calls on the Government to spend more in specific areas, particularly on infrastructure and research and development; to make strikes in essential services unlawful; to reform the local government

Greens sow their campaign seeds

BY FIONA THOMPSON

"The Greens are concerned water is poisoned, the soil is about tomorrow and beyond, not just this century but the next as well," said Ms Jean Lambert, co-chair of the party council, at yesterday's campaign loss all its deposits in the last drawal from Nato, and the include unconditional unilateral nuclear disarmament, with-"The Greens are concerned

launch.

general election but claims troduction of
"You can have the best educa- great success in bringing green representation.

THE GREEN PARTY has one tion system in the world, a issues to the centre of the thing in common with Mrs wonderful health service, inThatcher—it too has its eye on the next century.

"The Greens are concerned to the world, a issues to the centre of the wonderful health service, increased prosperity for everybody—but all that is no good if standing on the Green ticket, in spite of the rise in the deposit

credentials needed

for No. 10

A CITIZEN of the world with deep reserves of "stick-ability" are the principal qualities listed on the curri-culum vitae of Neil Gordon

By Our Political Correspondent

Kinnock, privy councillor, Labour candidate for Islwyn and the 45-year-old applicant for the post of Prime Minister. At the end of a day's cam-

paigning on Tyneside, during which the Labour leader appeared confident, relaxed and on top of his brief. Mr Kinnock found himself in the library of Typemouth Sixth Form College answering welltargeted questions from a group of equally well-briefed

As one of his young and self-possessed andience pointed out, their guest's designs on No 10 made his description entirely appro-priate. What, she asked, were the qualities which he be-lieved entitled him to harbour such ambitions and why would he make a better Prime Minister than Mrs Thatcher.

Minister than fors I natcher.

Mr Kinnock who was
earlier in a genuine "class
struggle" as he forced his way
through an infants' school
packed with wide-eyed children and red-eyed journalists responded in the assertive style all applicants are told is essential for success in such cross-examinations.

He said he had demonstrated a toughness and reso-lution and had clearly shown that he knew what he wanted for the country. What he wanted was to make it fit for the future, a phrase used earlier in the day in respect of education services under

Mr Kinnock said that in three and a half years as Labour leader, he had demon-strated a consistent sense of purpose and toughness in sticking to it although tough-ness was not in itself enough for anyone who wished to lead a democracy.
The leader's interview will

continue today in his own, South Wales constituency, next destination on his nationwide tour. Three nail-biting weeks from today he will know if he has got the Michael Cassell on a city facing three marginal contests

Personalities on knife-edge

"PETER BRUINVELS—Man of Action," reads the headline on the election pamphlet of the Tory candidate for Leicester Tory candidate for Leicester East. His fiercest parliamentary critics would not deny him that particular accolade, though few believe and many hope that no amount of action on his part will get him back to Westminster next month.

Since his election victory by just 933 votes in 1983, Mr Bruinvels—best remembered for his self-appintment as the public hangman—has ra been out of the headlines.

When he has not been ban-ning cross-bows, saving red telephone boxes, rising to ask one of 224 questions in the Commons or submitting one of 1,793 others for written answer, the former researcher, company secretary and management con-sultant has been trying to build a power base in one of the most marginal constituencies in the country.

An expert in handling redun-

dancies—he claims he successfully sued Mr Robert Maxwell for wrongful dismissal—Mr Bruinvels is now fighting hard to prevent another period of enforced unemployment.

Neither is Mr Bruinveis-a fan of weekend walkabouts to meet the voters—alone in trying to win another mandate
from the people of Leicester.
Next door in Leicester South,
Mr Derek Spencer for the Tories
See the Universe of the Tories has the dubious honour of hold-ing the smallest parliamentary majority of all—seven votes put him in last time. In Leicester West, which completes the city's political map, Labour's Mr Greville Januer is defending

a shaky majority of only 1,712.

Mr Spencer himself is not depressed by the scale of his task, given local election results which would have given Labour a 1,000 majority in his seat. "I was a newcomer in 1983 and if I could win then, I have certainly improved my chances since then. I regard it as a privilege to be at the front of the front trench of British politics."

A Owen's Coursel and partic

A Queen's Counsel and parliamentary private secretary to the Attorney General in the last parliament, Mr Spencer takes heart from past evidence that it has proved hard to shift the

performance during the comment. confidence, despite his claim to all the mittee stage of the abandoned. The ethnic is will take on hold the support of the all-edge."





Marginal defenders (from left): Derek Spencer, Greville Janner and Peter Bruinvels

Spencer is up against tough Mr Bruinvels, given that his opposition in the shape of Mr Labour opponent is Mr Keith

The former Labour MP once signed a Commons motion criticising the Tory Government



Spencer says he intends to remind people of his opponent's sympathies.

Like Mr Bruinvels, Spencer acknowledges the importance in Leicester of the ethnic community, which in parts of the City accounts for up to 27 per cent of the elec-torate. Mr Spencer says the

Justice Bill, Mr an even wider dimension for important ethnic vote. A tire is up against tough Mr Bruinvels, given that his less constituency worker, his Jam Marshall, the Labour candidate he defeated in 1983. Of winger who was one of the inMr Marshall, he says: "He has been off the boil for four years and I have been bubbling away." personal appeal has long held him in good stead, but he has had some skirmishes with his spirations behind the party's local constituency party and his black sections movement and grip on the local scene is,

But Mr Bruinvels says he is winning strong support from the Hindu and Muslim communities and, though he will not make anything of it in the campaign, also privately believes that the presence of an Asian candidate, particularly one with a left-wing background, will deter some

traditional supporters. In 1983. Mr Bruinvels clearly benefited from the previous defection of Mr Tom Bradley, the sitting Labour MP, to the Alliance which split the vote for Ms Patricia Hewitt, now Mr Neil Kinnock's press secretary.
This time, he will have no such help and a national survey of marginal seats shows that, for all his hard work, he can expect to lose. He remains defiant: "Any seat with a majority of less than 1,500 is up for grabs. But mine is not going to be grabbed."

For Mr Janner, a Jewish barrister who has held Leicester West for 17 years after his

West for 17 years, after his father's 25-year tenure, the contest will also be as much about personalities as politics. He appears wholly confident that the Janner dynasty will conit has proved hard to shift the incumbent from his seat.

An ardent supporter of education among Muslim voters, capital punishment, who was in the light of his support for dubbed "Judge Jeffreys" by single-sex schools and his rejectione political opponent for his performance during the comment.

The ethnic issue will take on hold the support of the all-

arguably, not as strong as it He says he will fight on the

re says ne wan ngnt on the issues of jobs, heath and law and order and will not attack his opponents. If the unthink-

1983 elections results -Leicester East: P. Bruinvels (C) 19,117; P. Hewitt (Lab) 18,184; T. Bradley (SDP/All) 10,362. C majority 933. Turn-out 73.2 per cent.

Leicester South: D. Spencer (C) 21,424; J. Marshall (Lab) 21,417; R. Renold (Lib/All) 9,410. C majority 7. Turnout

72.3 per cent.
Leicester West: G. Janner (Lab) 20,837; R. Meacham (C) 19,125; S. Fernando (SDP/All) 5,935. Lab majority 1.712. Turnout 68.8 per cent.

able happened, he would find no trouble in filling his timeas a director of Ladbrokes, the proprietor of a publishing house and a lecturer in law.

Logic suggests that, if the two Tories lose, Mr Janner should win, or vice-versa. But there are strong personality factors at play which could just wreak havoc with national voting patterns. As Mr Spencer puts it: "On June 12, we could have won all three seats or lost all three. It is on a knife-

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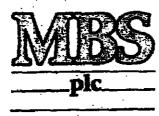
- Rebuilding the management team Restructuring the company Revitalising products and services Balanced, profitable growth
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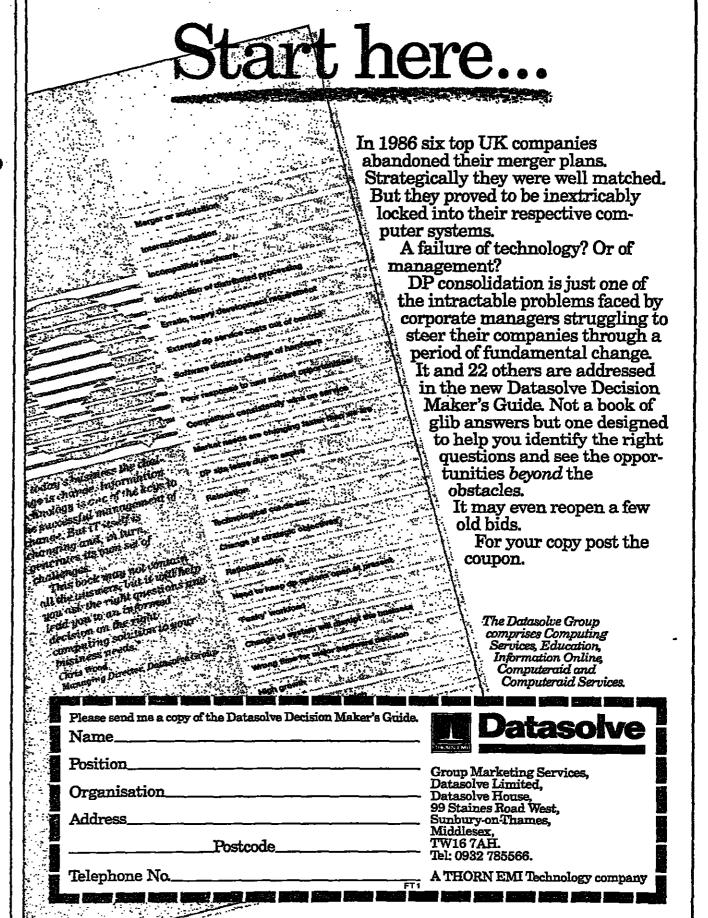
SUMMARY OF	RESULTS	
	1986 £'000	1985 £'000
Turnover	75,870	66,788
Operating Profit/(Loss)	2,853	. (462)
Pre-Tax Profit/(Loss) on ordinary activities	937	(3,409)

business customers with a total range of computer services."*

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e (From the 1956 Annual Report)



DURING THE last decade, beginning well before the advent of Reagonomics, the service industries have come to be regarded as a panacea for America's economic problems futuristic and dynamic industries would sustain America's economic dominance regardless of the gradually emerging problems of the manufacturing

But for Congressman Buddy McKay of Florida, a state which McRay of Fiorna, a state which has enjoyed more service-led growth than almost any other part of the nation, there is no allure in a post-industrial future. "Our fear is that our destiny is to become a service economy. We are competing the enter the feat more menuitate. like crazy to get more manufac-turing jobs that will pay a wage above the prevailing service in-dustry rate. We desperately need the manufacturing jobs if we want our state to be a place where our children can grow up and afford to live."

For Professors Stephen Cohen and John Zysman, two economists at the University of California at Berkeley, even the concept of a service-based economy is bogus—a point which they argue in over 300 pages in a recently published book, "Manufacturing Matters," with the subtitle "The Myth of a Post-Industrial Economy." For Brian Quinn and Christo-

pher Gagon, two management professors at Dartmouth College, the services are the foundation of national prosperity; but they wonder whether American companies are really proving any more successful in this sector than they have in manufacturing in the past. "Will services follow manufacturing into decline?" they asked in the title of a major article in Harvard Business Review last December.

Their conclusion is generally damning: 'Inattention and complacency threaten to undermine the competitive ability of these industries at a time when their importance to the national economy has never been greater.

A few years ago, it would have seemed almost unpairiotic for Americans to make any of these statements. In economically sophisticated circles, it had become an article of faith that services like banking, tele-communications and computer programming would form a firm foundation for continuing prosperity long after traditional manufacturing industries were swept away in the never-ending cycle of shifting comparative international advantage.

In fact, since 1973, when Pro-fessor Daniel Bell of Harvard first popularised the concept of "the post-industrial society," few economic arguments have the analogy which he drew between the decline of manufacturing today and the shrink-

Why a service economy is no panacea

age of agriculture in the preuse of agreement as the green war era.

US agricultural employment collepsed from 20 per cent of the labour force in 1929 to 3 per cent 50 years later, but this process to the process of cess of "creative destruction" seemed to do nothing but good for the American economy and US living standards.

In the past few decades, the same kind of natural and healthy transformation was said to be displacing manufacturing. Manufacturing employment has shrunk from 34 per cent of the non-agricultural total in 1950 to 19 per cent in 1986, while ser-vice jobs have expanded from 59 per cent to 75 per cent, with the other 6 per cent now

... from agriculture to manufacturing to services is a natural change'

President Reagan

accounted for by construction and mining.
But there has been no cause for concern about this evolution. Between 1965 and 1986, the US economy created 38.5m new jobs. Not a single one of these was in the manufacturing sec-tor, where employment actually slipped from 19.2m to 19.1m during these 21 years; in the services, on the other hand, employment nearly doubled from 38.8m to 75.2m. The early Reagan Administra-

tion, with its benign neglect of the exchange rate and its studied indifference to the declining competitiveness of the manufacturing sector, brought this post-industrial argument to

The move from an industrial society to a post-industrial service economy has been one of

Percent of total

~Services

the greatest changes to affect the developed world since the Industrial Revolution. The progression of an economy such as America's from agriculture to manufacturing to services is a natural change," the President himself argued two years ago in a report on trade to Congress.

Today few Americans are quite so sanguine about the post-industrial economy. There are at least four reasons why scepticism is spreading about excessive reliance on the service sector. The first and, for most Americans, the most important reason for the lack of en-thusiasm is the one put by Con-gressman McKay: the service industries tend to pay low

In 1986, average gross weekly earnings in US manufacturing were \$396. Farnings averaged \$275 in the service industries. In fact, the steady shift from manufacturing to service em-ployment has been largely responsible for the long term stagnation of US income levels which lies at the root of the whole competitiveness issue.

The reason for low service wages is straightforward and, from the professional econo-mist's standpoint, equally damning. The service industries have shown miserably low produc-tivity growth for many years. This also explains why the share of services in US employment has grown so rapidly, while the share of services in GNP has hardly increased since 1960 (see charts).

But why have productivity and wage performance been so feeble in the service industries? This question leads to the second cause for concern about the trend towards a industrial economy.

In many ways the concept of ncept of mists, travel agents, aero-is mis- astronautical engineers, psythe service sector"



In the final article in this series. Anatole Kaletsky and Guy de Jonquieres look at attempts to fill the gap left by the decline in manufacturing

chiatric aides and para-legal leading. A hairdresser, shop assistant or hot dog vendor has nothing in common, from an personnel.
However, as Professors Cohen Zysman point out, the economic standpoint, with an President does not mention that "despite the projected rapid growth of this heterogeneous group, together they don't add up to the increase in fast-food of the 17 1airline pilot, software engineer or investment banker.
It is the latter category of "high value added" service occupations that is evoked when

bullish sociologists and politi-cians describe their visions of the post-industrial "information economy." But in reality, the Indeed, of the 17.1m non-government service jobs created in the US between 1972 and 1984, 22 per cent, by far the largest single group, were in restaurants and retail trade, a sector where average hourly overwhelming majority of new service jobs have been created in the humdrum, no-tech first earnings were 38 per cent below the level in manufacturing. Thus President Reagan, in one of his reports on trade to Congress, maintains that "vir-In the most important subtually all the 20 highest-growth occupations for the 1980s are involved with the handling of

category within this groupesting and drinking places— productivity, according to the Bureau of Lebour Statistics definitions, has been declining by 0.4 per cent annually throughout the 1970s and early

To make matters some of the futuristic industries which are supposed to make the service economy so attractive also turn out to be

70 Percent of total

dynamic productivity records. How productivity is to be measured in industries like health care, banking and insurance is a vexed question. For what they are worth, the Bureau of Labour Statistics does compile indices based on measures of physical oddpot, such as the volume of Generations cleared by the commercial benks.

In all these industries, the estimated growth rates have been feeble. Commercial broking, for example, enjoyed an average increase of output per employee hour of only 0.8 per cent from 1970 to 1984, despite the banker was investment in the banks' vast investment is computers, automated fellows and other supposedly labour saving innovations.

saving innovations.

Many economists, to say nothing of managers in service industries, deny the validity of all such productivity measures for service industries. Thus, for example, Edward Denison, the Brookings Institution sconomist. who is probably the world's leading authority on productivity and growth accounting maintains that the official statistics inadvertently transfer many of the productivity gains made in service businesses to the manufacturing industries which these businesses server

As much as 80 per cent of the As much as 80 per cent of the productivity differences between the manufacturing and sortice sectors in recent years it due to the immense advances made in the manufacture of computers, he argues. But how meaningful are measures of individual industries productivity. tivity if computer manufacturing is improved because of the work of independent designers, inventors or software wittens?"

he asks. This question raises the third doubt about the post-industrial

scenario for America's economic funce. Many of the high-technology, high value services on which US living standards may well depend in the future are closely fied into manufacturing infustries. If the majufacturing sector declines or moves abroad, it will be followed by many sarvice tobs.

many service jobs.
Colon and Zyman, in their book "Manufacturing Matters," estimate crudely that as many efficients crudely that as many as half the service jobs in the US may depend un manufacturing through what they call "a tight or moderate linkage. These linked service providers single from the truckers who move components from one

A not dog vendor has nothing in common, from an economic standpoint, with a software engineer

and who would automatically lose their jobs if fully assembled products were simply imported from abroad, to the investment bankers who might or might not be able to establish financing links with foreign manufacturers if US produc-tion shifted overseas.

But even if the direct inter-dependence between the ser-vices and manufacturing were insignificant, there is a further issue. Is there any reason to suppose that Americans are defter at running service industries than manufacturing busi-nesses? The strength of many US service companies, in contrast to their counterparts in manufacturing, may be explic-able by some inherent talent among American managers for running "people-oriented" busi-

(At constant 1982 dollars)

He went on to provide a strange and moties roll call of these affering selvice occubathese alluring service occupa-tions: computer programmers, smalysts and operators, opera-tors and mechanics for data processing machines, scono-processing machines, sero-mists, travel agents, aero-mists, travel agents, pay-actronautical engineers, pay-actronautical engineers, paychistric aides and parateral personnel."

However, there is no concrete evidence for this. Nor is the para horse out he except observ.

However, there is no concrete evidence for this. Nor is the exidence for this. Nor is the exidence for this. Nor is the exidence of the industrial relations and marketing problems of the US airlines, the lengthy quoues and appalling level of service in many US banks or the surprisingly low production standards of much US advertising.

A likeher explanation for the relative prosperity of the service economy lies in the insulation of many service businesses to foreign competition, many of these businesses to foreign competition, many of these businesses will continue to be protected against incursions from abread by their very nature; they have to be supplied at the point where they are consumed. But this very feature of services like retailing or policing will also ensure that they can never make up for the international competitiveness which much of the manufacturing sector has lost.

Other services, on the other hand, are gradually becoming more and more exposed to influences from abroad. As a result

more and more exposed to initumore and more exposed as a result of technological change and deregulation, services like telecommunications, airlines, hanking and insurance are rapidly taking their place alongside the traditional commodities of international trade—and US government policy is doing all it can to accelerate this development. Because these services are at least a decade behind the manufacturing industries in their international exposure, it is still too early to judge how many of them will prove vulnerable to competition from abroad. But the initial indications are not encouraging. Today only 11 of ences from abroad. As a result encouraging. Today only 11 of the world's biggest 100 banks are based in the US, while 24 are based in Japan and 50 are

from Europe. There are, of course, at least as many success stories, as least as many success stories, ranging from American Express to McDonald's and Electronic Data Systems to counterpose against the failures. However, the warning signs are clear. As Professions and Economic analysis. sors Quinn and Gagnon conclude

in their Harvard paper: "It will take hard and dedicated work not to dissipate our broad-based lead in services, as we did in manufacturing. Many of the same causes of lost position are beginning to appear. Daily we encounter the inst-tention to quality, emphasis on scale economies and short-term orientation that earlier injured manufacturing."

Employment by sector

category.

information."

He went on to provide a strange and motley roll call of

these alluring service occupa-

tions: computer programmers, analysts and operators, opera-tors and mechanics for data processing machines, econo-

TECHNOLOGY

Glare-free lamps and a sunnier lounge

Roy Garner in Tokyo explains how the Japanese are bending the rules on the behaviour of light

screen and the image always

remains in focus and free from distortions, even if the "screen" is an uneven surface

JUST AS optical fibres are stretching horizons in data transmission, "luminous flux control" (management of the amount of light falling in a given area), is about to revolu-tionise our visual environment The technology promises such advances as glare-free, highly energy efficient car headlights and street lamps perfect wall-size projection of liquid crystal display (LCD) colour TV pictures and major improvements in materials inspection processes. It could even bring sun-light into north-facing rooms. And, yes, it is all done by mirrors—though this is no

Studies over the past nine conventional image-projection, cathode-ray tube and LCD technologies—notably the difficusty of producing the largescale images, of high quality
and cost-efficiency, which are
increasingly demanded. In the
case of the LCD, the image
actually improves in proportion

Taking the cathode-ray tube as an example, it can be seen that the main obstacle to progress is the fact that the key functions of producing light, colours and images are integrally combined, precluding any localised enhancements for the

A high-quality TV image 20 times original size has been made possible

colour shift or non-uniform brightness. The researchers at Nisshoyears by researchers at Nisshogiken Inc. in Japan, have highlighted the bottlenecks faced by colour production and a LCD unit to produce images. They then developed the remaining design. The company has al-ready taken out 50 worldwide

removal of image distortion.

such as a living room wall. If several projectors are used, separate images can be superimposed, or can be placed side by side with a seamless join the latter facilitating superlarge composite pictures. By inserting a LCD into the projector instead of a transparency
(a 2 in LCD is currently used)
a high-quality TV image 20
times original size can be produced, featuring uniform
brightness and an absence of

or fluids.

colour shift.
In another form of projector technique, a "headless" pro-jector can be used for the inspection of refraction changes or defects in transparent bodies

patents on these flux-control compact discs, integrated circuit designs, lenses and machined surfaces, which are currently inspected by the use of TV displays, can be analysed The remarkable degree of control over the flow of light which this technology facilitates using a larger, distortion-free and constant-focus image. Based on similar optical principles, Nisshogiken has also is best illustrated by the com-pany's projector systems. This unit can be placed at any distance or angle relative to the

> Pictures from several projectors can be joined seamlessly for extra-large displays

developed a new acrylic plastic screen. Called a Fresnel screen, it is flat but has lens-like properties. When attached to a video display terminal the material gives a reflection rate of 0.06 per cent, equivalent to some ten times less glare than that of current screens.

Souya Mori, sales manager of Nexy Corp., which handles sales and marketing of Nisshogiken - developed products, says this material can room could be b also be applied to the likes of much as 30 times car headlights, floodlights and modified windows-

stage lights, to project a highly uniform, glare-free, cast of light, from almost any angle of

origin.

In the case of street lighting, Mr Mori estimates that a costsaving of 30-50 per cent could be achieved through the elimination of light-spillage—

enabling the use of lower-powered lamps.

This highly uniform spread of light can also be beneficial in delicate heating processes. In lamp-anneal techniques, in semi-conductor manufacture, for example, the absence of any hot spots" is critical. Mr Mori suggests that since the wafers being handled by makers are steadily increasing in size this problem will become more

can deflect light, it can also gather it. By fixing the material to the windows of rooms which receive no direct sunlight, a major increase in brightness can be achieved. Mr Mori esti-mates the level of light in a room could be boosted by as much as 30 times by using the

WORTH WATCHING Edited by Geoffrey Charlish

Testing time for electronic designs

IN KLECTRONICS design and manufacturing, the its formation generated in a screen and keyboard com-puter-sided design system for electronics boards or chips is just what is needed in is just what is needed in automatic test equipment. Having designed and simulated the circuit, most of the information needed to test it must also have been created. However, in practice the design data is not suitable as it stands and needs extensive modification.

Direct connection of com-

Direct connection of com-puter-aided engineering data into the tester is an import-ant step in realising computer integrated manufacturing (CIM). Factron Schlumberger of Wimborns, Dorset, in the UK has therefore developed suitable conversion software called ITG (intelligent test generation). ITG translates simulation data into a test program for the board or chip, previously a time-consuming manual

It takes all the data from the design system that de-scribes the interconnections and voltages on the board and processes it into Factron's own board description lan-guage. Then, utilising the testing database of the model 720 autotester, it derives test programs that can run with-out modification.

American Indians to use solar power: AMERICAN INDIAN tribes in Oklahoma are set to be the first large-scale users of electricity derived directly from

the sun.
Alpha Solarco, the Cincinnati, Ohio solar power specialist, has signed two \$175m development contracts

with the Pawnes and Otoe Missouria tribes. The com-pany plans to build two 70 megawatt generating stations on tribal lands. Each station will supply half its total power using photo-voltatic technology and the other half by gas-firing. The sun-power electricity might go direct to consumers, or be used to meet extra demand on conventional electricity plants at peak times.

Sunlight falling on the surface of photo-voltate cells is converted directly to electricity with efficiencies which tricity with emciencies which reach 10 to 12 per cent in the best designs. Connected to gether, the cells can provide various combinations of direct current and voltage which can be converted by modern nower electronics to alternating current for con-

Alpha Solarco has been set anna source has been set up to engineer solar power on a large scale. Mr M. Uroshevich, its president, says the company is moving solar energy out of its "per-petual research and development phase and into the real world of producing cost-effec-tive photo-voltage power on a utility scale."

Putting across the machining message RENISHAW CONTROLS, a new UK company formed to exploit computer integrated manufacturing (CIM), has launched its first product based on MAP (manufacturing) based on MAP (mannfacturing automation protocal).
MAP is a world initiative, led
by General Motors, to induce
makers of automation equipment to use the same communications rules, thus allowing any machine to "speak"
to any other.

The new company was formed last year by the Renishaw Group, which made its name in precision measuring probes.

Its first product, RC4, is a programmed hardware unit programmes manusare unit that allows any machine using it to "speak" a specific part of MAP called MMS, or manufacturing message service.
MMS deals with the shop-floor mms nears with the subp-neer instructions given to production machines and is part of the so-called "application layer" of the International Standards Organisation model on which MAP is based.

The RC4 acts as a translathe RCA acts as a transla-ter between MMS and a wide range of existing production units. These might be machine tools, robots or measuring machines, all nor mally using different com-munications software proto**Electronic product** design service



cols. With each machine con-nected to a local area net-work via its own RC4, the overall production cont 1! Software then no longer needs to be specific to each machine.

The local petwork is in turn connected to the MAP back-bone cable which communi-cates with other functions in the factory.

Way to a cleaner drink of water

THE HEALTH hazard of nitrates in drinking water can be neutralised with a unit from Bruner of Royston in

the UK.

Able to fit easily into a standard kitchen cupboard, the device uses an exchange resin system which reduces nitrate concentration to less than the European Commis-sion guide level of 25 parts per million. The removed nitrate is replaced with an equivalent amount of harmless minerals such as chlorides and bicarbonates.

Buses conducted by computer

SCOTTISH COMPANY Gramplan Computers is offering a system which enables bus companies to analyse their route operating data thoroughly, so as to offer better, more efficiently run

services.

Running on a Hewlett
Packard computer, the system is fed from a solid-state data collection module of the data collection module of the kind already installed on many buses (the Wayfarer unit for example). These record the fare and stage boarded for each passenger retifing on the coarded for each passenger getting on the bus. The re-sulting revenue and mitange data can be used to predict the visbility of new toutes and the effect of changes on existing ones.

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The open and shut case for Toronto's £120m super-stadium

BY DEREK COOMBER

THE world's first sports and northern end of the stadium 41 metres deep. A single ply leisure stadium with a retraction when the roof is open. The third section is a add insulation properties. within 20 minutes is under con- highly creative quarter dome struction on an 11-acre site in which will move in a clockwise Toronto.

pletion in April 1989. From the playing field to the top of the roof it will rise 90 metres, the height of a 30-storey building.

A four-piece steel skin, unthree of the panels, while a northerly section will remain

Two of the three moving sections will be parabolic arch plates supported on a set of parallel tracks on each side and will be "stacked" at the trusses, which will be about

direction on a circular rail. Interconnected steel trusses The Dome, a 55,000-seat harbour-front complex being built at a cost of C\$245m (£120m), is scheduled for com-PVC membrane, giving acoustic and thermal insula-

To open, the stadium roof's south quarter dome will traverse 180 degrees to position supported by pillars, will form itself on top of the stable the eight acres of roofing in a northern section, then the two half-moon shape over the 900 ft intermediate panels will slide teething problems because diameter stadium. Hydraulic over to nestle on top. The several models have been built controls will be used to move stadium will be 91 per cent of the structure including a stadium will be 91 per cent of the structure including a stadium will be 91 per cent of the structure including a stadium will be 91 per cent of the structure including a stadium will be 91 per cent of the structure including a stadium will be 91 per cent of the structure including a stadium will be 91 per cent of the structure including a stadium will be 91 per cent of the structure including a stadium will be 91 per cent of the structure including a stadium will be 91 per cent of the structure including a stadium will be 91 per cent of the structure including a stadium will be 91 per cent of the structure including a stadium will be 91 per cent of the structure including a stadium will stadium will be 91 per cent of the structure including a stadium will be 91 per cent of the structure including a stadium will be 91 per cent of the structure including a stadium will be 91 per cent of the structure including a stadium will be 91 per cent of the structure including a stadium will be 91 per cent of the structure including a stadium will be 91 per cent of the structure including a stadium will be 91 per cent of the structure including a stadium will be 91 per cent of the structure including a stadium will be 91 per cent of the structure including a stadium will be 91 per cent of the structure including a stadium will be 91 per cent of the structure including a stadium will be 91 per cent of the structure including a stadium will be 91 per cent of the structure including a stadium will be 91 per cent of the structure including a stadium will be 91 per cent of the structure including a stadium will be 91 per cent of the structure including a stadium will be 91 per cent of the structure including a stadium will be 91 per cent of the structure including a stad open at this stage, giving just enough shade for giant replay screens to be seen by sports

spectators.

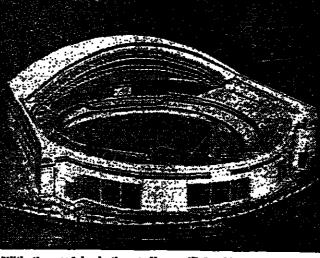
The panels will be supported

The stadium will be the offcial home of the Toronto Blue Jays baseball team and the Argonauts football team. It is a joint project by provincial and city governments and private corporations, including the Canadian Imperial Bank of Canada, Ford Motor Co of Canada, Coca Cola, McDonald's Restaurants of Canada, Merrill

Lynch and Xerox Canada.

Mike Allen, the 45-year-old structural engineer in charge of the roof project anticipates few teething problems because several models have been built three-metre brass version. Wind tunnel tests have also checked load and environmental

stresses. Calculations involved in the complex geometry of the curvatures in the roof structure took a year using computer-aided



With the roof back the stadium will be 91 per cent open, giving just enough shade for giant display acreens to be seen

design equipment, says **Mr** opens. Allen. As the C\$50m (£22.5m) roof structure will be assembled on site piece by piece he emphasises that all parts will have been rigorously tested and hydraulic controls checked six pletion of the stadium, at a months before the stadium further cost of C\$100m (£46m).

Architects to The Dome project are Robbie Sane, and Carr Donald Associates is providing the roof drive technology.

المراز احيد الأجل

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SE referee waits for the players

IT HAS HAPPENED. The their traditional notion that ing rec Stock Exchange has finished securities based on a single listing. drawing up the rules for the new property market based on single buildings. It is now in the position of a referee in the middle of a playing field wondering when the players will arrive and what sort of game they will want to start.

There are two sets of players finance institutions, companies and chartered surveyors which make up the 60-strong membership of the Pincs (property income certificates) Association and the 50-strong membership of Barkshire Committee, with some overlap between the two.

They are sponsors of the different investment vehicles which, theoretically from next Monday, could be brought to the market. The Pincs Associa-tion is behind the property income certificate and Bark-shire is behind single property trusts and single asset property

The Stock Exchange has accommodated them both in one set of rules for a new market. These rules have had to take into account a different set of normal equity trading.

asset are too risky to be traded

THE NEW market has spawned entries for the dictionary of market acronyms: Sapco: a single asset property company. It owns a building or group of build-

ings. It can issue both equity and debt issues. Spot: a single property ownership trust. It owns and manages a property. Unitholders share the rental income and the profits growth. With Capco it is sponsored by

Barkshire Committee. Pine: a property income certificate. Holders are en-titled to a share of building's rental income and have a stake in the management company set up for that building, but they do not have direct title to ownership. It can be financed by equity and debt securities. It is sponsored by the Pines Association.

They had to accept that, with a single building, it was not much

As another example, the Stock Exchange dropped the normal rule which requires that, with new securities worth more than £15m, there has to be an offer for sale. In the new market there see he placetime up that ket there can be placings up to any limit, provided the basic units are not less than £25,000.

The rules were worked out in conjunction with Barkshire and the Pincs Association. It is up to them now to find the buildings which can be offered to the market. It would probably take the Stock Exchange Quotations, Committee up to six weeks to process any offerings.

Nobody expects the market to start with a rush. Indeed, Barkshire is still in talks with the Trade and Industry Department and the Inland Revenue on the regulations supporting the Financial Services Act. The trust investment vehicle cannot be used until they are in place. A rough timetable for the development of the market could be:

July: the first single asset property company securities start trading when Goldman Sachs and Baring Brothers offer The regulators had to drop use looking for a five-year trad- preferred shares in Billingsgate



City Securities to investors. At the financial level, the key large, costs would be more man-They are currently quoted in factor is probably to look at agendic and smaller institutions. Luxembourg. Billingsgate City what happens to the interest and, indeed, private investors, is a one-asset company, based rates on gilt-edged stock. The

December: the Trade and Industry Department settles the regulations supporting the Financial Services Act, opening the way to the introduction of single property trusts.

1988: such trusts are introducted about lack of liquidity. the regulations supporting the Financial Services Act, opening the way to the introduction of single property trusts. 1988: such trusts are intro-duced to the market.

All of that is the easy part. It is more difficult to estimate what will happen to the market. Prospective market-makers still have to show their hand, but in the early stages are expected to be the same houses already active in the equity markets. Chartered surveyors may join

October/November: the Pincs interesting single prestry association brings perhaps three buildings to the

There are few buyers for the large projects. Institutional interest has waned over the last three years with fund managers short-term performance than short-term performance than long-term holdings. So, if the market could be broken up to trade in morsels of buildings rather than complete properties, then outgoings need not be so the London market.

Whether this will happen remains to be seen. There is evidence, in the growing membership of the Pincs Association and Berkshire Com-mittee of readiness to take the possibilities seriously.

A final point. Although the new market prings from domestic needs, it is a further step towards enhancing the international status of London as a trading centre. The Stock Exchange, by throwing away its early inhibitions, is opening up London to the sort of trading London to the sort of trading that takes place elsewhere most notably in the US. There is no reason now why New York skyscrapers cannot be quoted on

Problems of taking a building to market

SUPCRE property investment schemes rate new paragraphs in the Stock Exchange's Yellow Book on listing requirement. The rules for trading set out the type of properties which tan he traded and what these bringing them to the

For a start, the building has to be let, so that its income covers annual entrology. It must be freehold or have a liene of at least 110 years, and it must have a value of no liene of at least 110 years, and it must have a value of no lies than fillow.

The exchange is not wornled if a scheme is financed partly by about and partly by debt. The Questations Committee will look at all cases individually. But, the rules start, "applications for the listing of equity securities may be refused if the ratio of debt to equity is considered by the Committee to be unacceptably high."

Under the rules, investors in a single property scheme are estitled to all the results payments after deductions for the stating thanges, debt servicing, tax and insurance and reserves to finance product estate management refusionests."

requirements."

Schemes cannot be wound up without the shareholders' consent and if there is a new listing of equity explicit they have pre-emptive rights.

Any company pattin ga property on the market will not only have to provide basic information like a history of the building and lease arrangements, but specify the details of the immedies. Where one tenant provides more than half the mainting income there has to be financial information about that heads.

:pra

the matter income that a valuation of the property, a report
There has to be a valuation of the property, a report
on its condition, a list of what repairs might be necessary
in the future and a solicitor's report on the legal title of the
property. A limit has to be specified on the amount of
short-form becrewings permitted without the approval of
the investors.

That is the start. Once the building has been lamsched on to the market, annual reports will have to be produced. There has to be a building survey every three years. The managers have to keep a building log book.

If there is an issue of securities, after the initial approach to the market, then there will have to be another independent valuation, so that new investors can see how the market value, as measured by Stock Exchange trading, matches up to an outside assessment.

Mississum voting levels must be set to provide for investor control over capital expenditure, changes of manager, raising new funds or selling any material part of the property. That is the start. Once the building has been lausched

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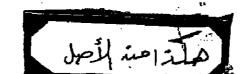
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King Hussein is striving hard for a settlement of the Palestinian problem that will satisfy the Arab world and ensure the

future of his own realm. He also needs peace with Israel, as well as an end to the Gulf war, to revive economic

growth, Richard Johns reports.

Predicament of a brave monarch

anniversary of the June War in which King Hussein lost half his realm' and the greater part of Jordan's economy in a war not of his own making but with nearly disastrous consequences for his throne. It is still debatable whether the important and the statement of the still debatable. whether the imperatives of 1974 Arab summit resolution Arab solidarity and his own recognising the PLO as "the survival made it absolutely sole legitimate representative" necessary for him to engage in the conflict in support of Egypt.
Two decades later the question may also seem an academic one. But it is still very relevant to the Hashemite Monarch's present predicament and perplexity as he strives to bring about the convening of an interabout the convening of an inter-national peace conference on the Middle East under the aegis of the UN Security Council.

Jordan's intensive diplomatic

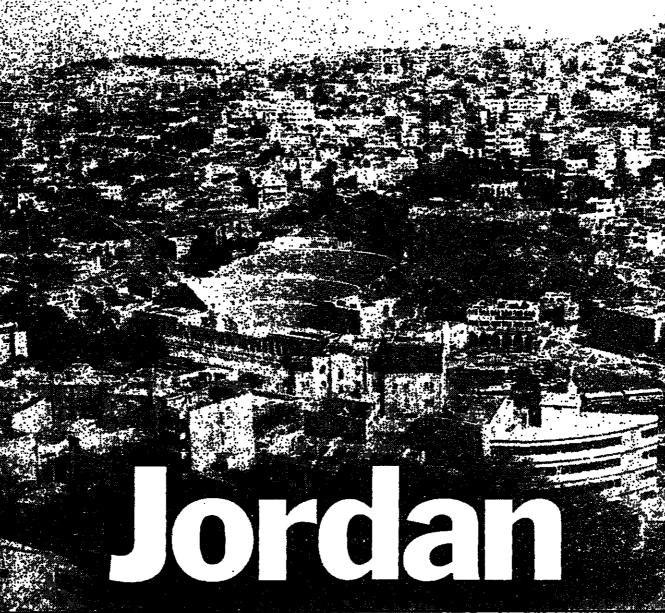
definition in the USOs.

Jordan's intensive diplomatic

Jordan's intensive diplomatic about the convening of an inter-national peace conference on the Middle East under the aegis of the UN Security Council.

activity over the past year and The biggest practical con-secret contacts with Israel mark. sideration is the fact that any-a resumption of efforts, which thing from a half to two-thirds of a resumption of efforts, which went into limbo for a while after the rupture with the Palestine the East Bank's population is of the Last chance " for peace. King Hussein knows that any conceivable deal: would be far from sing of time and under constant, apprehension that with the passage would be far from sing of time and under constants on the monarch imposed by the pan-Arab decision in 1970—the East Bank as a substitute homeland and state under to accent publicly UN Security. is possible in the face of creep- their leadership and not the to accept publicly UN Security

NEXT month will mark the 20th ing de facto annexation and remorseless Israeli pressure on the indigenous population of the West Bank to emigrate. Neverless, King Hussein feels that he has no choice but to pursue a settlement even though he is still bound by the



The old quarter of Amman, Jordan's capital and industrial and commercial centre.

Likud and Mr Ariel Sharon, the leading Israeli hawk, in particular would be only too happy to work towards.

The PLO's formal abrogation of the accord last month and the price of the reunification of the movement—especially the reaffirmation of the commitment to armed struggle and the reiteration of the demand for an independent Palestinian state— must, by any rational analysis, be seen as a blow to the "peace process". It may be that the chances of Israel, even with Likud in eclipse, ever having any dealings with even a reformed PLO, accepting its existence and renouncing terrorism.

The terms of whatever understanding on an international peace conference have been reached by King Hussein and Mr Shimon Peres, the Israeli Foreign Minister and Labour Party leader, are likely to remain obscure for the time being, the subject of denial in Amman and perhaps disinformation in Jerusalem. They may prove in the transfer of the committed of th ence and renouncing terrorism, are non-existent. The fact remains that the majority of the inhabitants of the West Bank

Council resolutions 242 and 338. and Gaza Strip support Mr Arafat, even if he is politically and militarily incapable of alleviat-

ing their plight.
The terms of whatever under-Jerusalem. They may prove irrelevant given the stance of the Likud, Labour's right-wing partner in the Israeli Coalition

lovernment. For his part, the monarch has

pressure to negotiate directly, a dan's military defences. It has course of action which would also cut back financial assistprobably be tantamount to ance. And its support for an political suicide. The Jordanian international conference has leader clearly regards an interbeen very much less than
national conference as a wholehearted, especially on the
framework for negotiations question of a Soviet role which
rather than an "umbrella." Amis essential if Syria is to be

Financial aid to West Bank to

slow migration

vernment seeks strongs

Lack of tourism strategy hampers growth

pays off

talks and the King could probably not contemplate them with-out Syrian participation. That would involve an Arab summit, which would be the first since the last emasculated one at Casablanca in 1984.

Jordanian diplomacy has suc-ceeded to the extent that its only avowed enemy in the quarrelsome community of Arab states is Libya. Of particu-Arab states is Libya. Of particular significance was the rapprochement with Syria, achieved in the summer of 1985 after five years of bitter antagonism which has enabled King Hussein to attempt to mediate—what would be a miraginal political area. cle in regional politics—a re-concilation between Iraq, which he has steadfastly supported in

the Gulf conflict, and Syria, Iran's main Arab ally. Fortifying Iraq's position in the war was the King's prime consideration when he tried to bring the two Baathist regimes together a year ago. Now he would see a reconciliation as a prerequisite, as well, for a successful meeting of Arab leaders which could clear the way for an international peace conference.

Hamstrung on the peace issue by the internecine divisions in the Arab world and fearful of an Iraqi collapse on his eastern front with all such a develop-ment might mean for the spread of Islamic fundamentalism, the West's most consistent Arab ally has been devastated and disillusioned by the revelation of US arms sales to Iran.

arms sales to Iran.

Moreover, the US administration has, over the past two years, failed to overcome congressional opposition to sales of modern aircraft, missiles and other equipment, badly needed to maintain the credibility of Jorgessure to permitte directly a design william defences. It has

per cent of the current budget— are sufficient guarantee of law

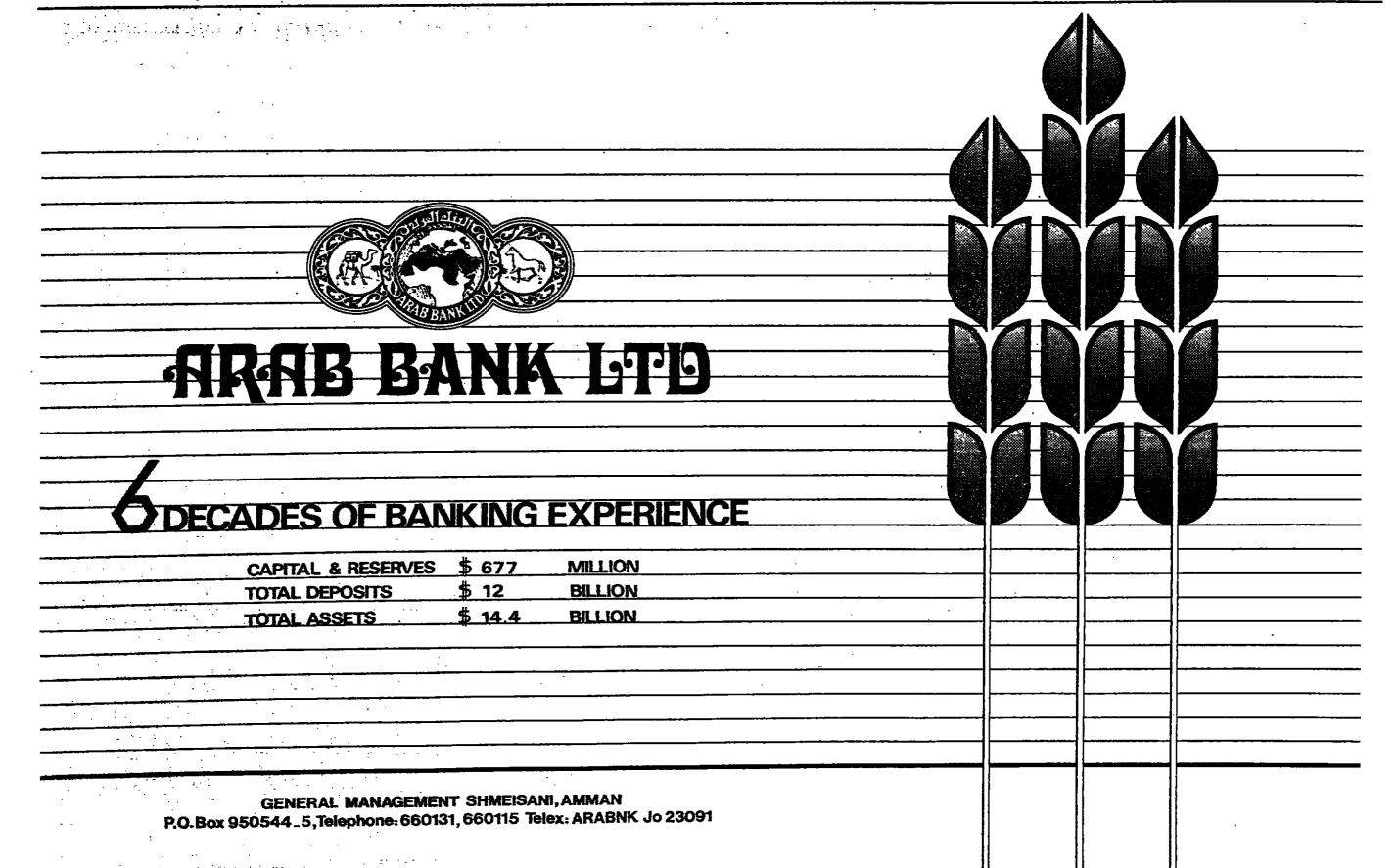
and order. As it is, despite the regional tensions, a reassuring tranquility currently prevails in what must be regarded as the best governed state in the Arab world.

The regime is a benign autoeracy with a good human rights record despite very grave past or potential threats against it. A ban on political parties from which only the Moslem Brotherhood was exempted re-mains technically in force but in practice activity of some opposi-tion groups including an in-effectual Communist Party is tolerated.

Yet for such a sophisticated stable country the system of consultation could be improved. The present elderly Parliament is a moribund institution though not totally useless as a forum where grievances are aired and criticisms made. It consists of a Lower House of 60 members, split equally between East Bank and West Bank representatives, and a Senate of 30 appointed members. The Upper House elected in 1967 and suspended in 1974 because of an Arab summit decision, was reconvened in 1984 after the king's rapproche-ment with the PLO with de-ceased members' seats filled after lively by-elections in which the Moslem Brotherhood did

A new electoral law passed in 1986 provides for 142 with the same equal division with West Bank candidates having to have originated from across the River Jordan. Registration of voters took place this month. But it is still by no means clear whether elections under the law will be held when the fourth national five-year term of the present house expires in the autumn. That could depend on progress towards the international conference.

While that could prove a chimera, the economic chal-lenge facing Jordan is a daunrather than an "umbrella." Amise sesential if Syria is to be many is formally insistent that involved meaningfully. The regional and interpresumably, with the proviso national imbroglio in which Jorchan is to get even that it accepts UN resolutions dan finds itself are related to the country's internal stability will mean a fairly painful switch from consumption to savings. At the same time its chances of success would be immeasurably enhanced by greater stability in the last analysis, must be King Hussein's prime consumption to savings. At the same time its chances of success would be immeasurably enhanced by greater stability in the region, not the least a settle-quired for Jordan to start peace.



New 5-year plan mobilise savings

90 period was authorised. One uncertainties about oil prices, was a long exercise in consultation aimed at ensuring that all sectoral interests—economic, social and regional were taken into account. The process involved a 500-member general assembly with 24 committees under its aegis. The approach was politically laudable but not berhans the best basis for a perhaps the best basis for a tightly co-ordinated plan focused on key objectives.

If aims to raise Gross Domes-tic Product from 1.36bn Jordanian dinars (\$4.05bn) to JD 1.74bn and per capita income from JD 695 (\$2.071) to JD 739. The average annual growth rate projected is 5.1 per cent.

More comprehensive than any of its predecessors and drawn up under the very active patronage of Crown Prince Hassan, it is also regarded by all development agencies, not the least the Arab funds, as ambitious. That compares with an achievement during the 1980-85 period of 4.2 per cent when nearly all the aggregate was achieved in the first two periods before the deterioration in the regional economic environment and the tightening of the constraints on Fordan resulting from the recession in the Guif

Even on the most optimistic assumptions about workers' remittances and Arab aid—the commitments made to the Baghdad summit expire in 1988— sustaining a growth in the range of 45 per cent annually would require a substantial external borrowing requirement in the view of the World Bank. It calculated towards the end

of last year that Jordan's debt

service ratio could rise to 23 per

cent by 1993. The plan is very much an indicative one in its expectation of the contribution from the private sector. Including important mixed entities like the Jordan Phosphate Mining Company, it is projected to contribute JD 1.48bn, or nearly half the total of JD 3.11bn investment planned. Moreover, the Government is looking to the private sector to provide JD 550.1m, or 80 per cent of the JD 687m target set for the all-important commodity producing sector where the big-

private sector concentrated pri-marily on construction, trade and transportation, just as Gulf money went into real estate and financial services. For some years the country has had a regative domestic savings rate. In the 1982-86 period, gross fixed capital formulation declined by an average of 7.5 per cent annually while con-sumption expenditure rose by 3.6 per cent. At the same time the service sectors grew, with public administration and the armed forces leading the way—the latter accounting for 25-30 per cent of current spending—at the expense of the productive sectors (including construction, electricity and water) which last year accounted for only 36.7 per cent of GDP.

Yet Jordan has little choice Yet Jordan has little choice but to set a growth target in the region of 5 per cent growth. It has a high birth rate of 3.7 per cent and a large increase in the supply of labour immediately in prospect. Half of the population of 2.7m is under the age of 15 and about 1m are still receiving education. Johs must be found for 200,000 from 1986 to 1990 at a time when unemployment is time when unemployment is put, perhaps conservatively, at 40,000 during a period when it is estimated, perhaps optimistically, that only 25,000 workers will return from abroad.

Planned investments are aimed at creating nearly 100,000 new job opportunities. Repatriation of 50,000 of the 120,000-150,000 foreign workers in the Kingdom (mainly Egyp-tians doing menial tasks unpalatable to Jordanians) and their replacement by Jorda-nians is anticipated. Then, after making allowance for natural wasteage and emigration there would still be—on the best assumptions—a net increase in unemployment

Moreover, the university and high school system—geared in the past to preparing a surplus of trained brains for export—is still producing too many qualified people for Jordan's needs. Already unemployment among professionals is said to be about twice the national

The present Jordanian Gov-ernment and, indeed, its predecessor have been well aware of the need to adjust the educatiogest growth is sought.

The pattern of investment in the past is not encouraging. Durdevelopment in the post-boom

ing the boom days the Jordanian era. In this respect the plan reads less—than—convincingly, however. And for practical purposes a fundamental re-orienta-tion, bringing supply and demand into better balance could only make itself felt for the good of the economy in the next decade.

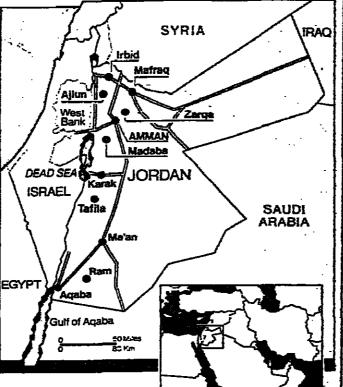
> Mr Taher Kansan, the Minister of Planning, is confident that market forces will persuade people to take humbler, less well-paid jobs than they would like. "Unemployment will have its own dynamics," he says citing the case of a graduate of his acquaintance working as a

> Essential to the overall objectives of the plan is the com-modity-producing sector, mean-while. This has been dominated by natural resource base industries—phosphates, polash, fertilisers and cement—which have received the lion's share of public investment in the past and account for 60 per cent of manufacturing and mining output output.

The Shediyah phosphates deposits are being developed with the aim of bringing the mine into operation in 1988-89 and potash production is being increased. Yet, though they will continue to be of vital significance for the economy, the scope for expansion of existing natural recourse based indusnatural recurce based indus-tries seems limited. Jordan has other minerals, notably copper and magnesium, but there seems no prospect of them being exploited in the foresee-

able future.
One of the most pressing needs is to discover and exploit the oil resources which the country probably has in com-mercial quantities. The cost of oil imports in 1980-85 period exceeded the value of all Jordan's imports. Output at present is limited to the 1.000 barrels or so a day, produced from the three wells of the tiny Hamzeh field.

Hopes of discovering oil in substantial quantities have risen with the interest shown by the three companies-Amoco, Hunt Oil and, recently, Petrofina—which have signed pro-duction-sharing concession agreements. Mr Hisham al Kha-tib, Minister of Energy and Natural Resources, explains that in the past there were "misconcepts about the country's geology" and too little was done to promote its potential.



One of the main thrusts of the its scope constrained by limited

sector to react too quickly." says Mr Raja al Muasher, Minister of Trade and Industry. There has been an understandable cau-tion, he points out, because some entrepreneurs, who invested during the boom years saw their plants come on stream just as the regional recession to which the Government can

last year only covering one quarter of JD 165.5m import bill. In the 1980-85 period the sector

one of the main thrusts of the lis scope constrained by limited plan, meanwhile, is towards developing small and medium export-orientated or importsubstituting industries. The private sector has been offered a comprehensive array of incenment's fell short by over a half the street of the investment of the comprehensive array of incenment's fell short by over a half the street of the constrained by limited water and cultivable land, water and cultivable land, nearly reached its growth target and the private sector actually exceeded the investment of the constrained by limited water and cultivable land, nearly reached its growth target exceeded the investment of the constrained by limited water and cultivable land, nearly reached its growth target exceeded the investment of the constrained by limited water and cultivable land, nearly reached its growth target exceeded the investment of the constrained by limited water and cultivable land, nearly reached its growth target exceeded the investment of the constrained by limited water and cultivable land, nearly reached its growth target exceeded the investment of the constrained by limited water and cultivable land, nearly reached its growth target exceeded the investment of the constrained by limited water and cultivable land, nearly reached its growth target exceeded the investment of the constrained by limited water and cultivable land, and the private sector actually exceeded the investment of the constrained by limited water and cultivable land, and the private sector actually exceeded the investment of the constrained by limited water and cultivable land, and the private sector actually exceeded the investment of the constrained by limited water and cultivable land, and the constrained by limited water and cultivable land, and the constrained by limited water and cultivable land, and the constrained by limited water and constrained by limited water and constrained by limited water and cultivable land, and constrained by limited water and cultivable land, and cu tives. But aid officials say that Incentive prices and subsidies high costs, low productivity, and had much to do with that—the depressed markets of the price paid farmers for wheat is region, bureaucratic procethe equivalent of \$360 a tonne, depressed markets of the price paid farmers for wheat is region, bureaucratic procedures and a high exchange rate, four times the world market constitute a formidable barrier price. As it is, the main emphasism on stitute a formidable barrier price. As it is, the main empir-or investment.

Sis will be on developing cultivation of the rain-fed high-ector to react too quickly," says lands and, in particular, the rain and the rain-fed high-lands and in particular, the rain and the rain-fed high-Work is proceeding on no less than nine dam projects at a pro-jected cost of JD 63.9m in line

set in and demand at home mobilise domestic savings. The began to stagnate. Industrial alternatives, monetary expancompanies have accounted for sion or excessive borrowing the majority of shares traded on abroad, could ultimately subthe Amman financial market in vert future growth. The plan is this year's trading flurry. "Most also criticised by development of them have been able to distribute reasonble profits." he says.

A survey is being undertaken to result perhaps of the consensus identify the best opportunities. process involved in its formula-Yet with industrial production tion which produced a docu-

in 1986 up only 1.4 per cent ment designed to satisfy every-progress is lagging well behind one. And implementation, it is the plan's aspirations. Jordan desparately needs to achieve greater self-sufficency in food with its exports of winter fruit and vegetables worth JD 41.9m from the Jordan Valley last year only covering one guarter of Tortan Valley and leading families, when it comes to granting permits and partners of the content especially in the industrial sector. Richard Johns

Occupied territories

Easing West Bank plight

JORDAN'S development plan from the West Bank, 22,300 from the occupied territories has been interpreted by many the Gara Strip. The annual outberners, too cynically, as flow average 5,000 between 1969 country under occupation is not strip between 1978 and 1981 part of part of the tential approach of its tentative and cautious. We stank in 1984 not 1984 and 1981 part of pa

about humanitarian concern for a population whose living stan-dards have lagged drastically behind those enjoyed on the East Bank Even more relevant are hard-headed considerations about the increasing pressures are hard-headed considerations about the increasing pressures on the young to emigrate from the West Bank and the Gaza Strip at a time when unemployment opportunities is the most urgent opportunities is the upgent opportunities is the urgent opportuni

expenditure on projects designed to alleviate the plight of Arabs in the occupied terri-tories might be confronted by UD 24.8m for the teachers' sup-all kinds of administrative port fund.

impediments. impediments.
In addition, it supplements the salaries of nearly 10,000 teachers appointed by the Israelis to the extent of about JD 4M annually. "We hate to have to do it but must because the occupying authority is not fair in paying these meanless." fair in paying these people much less than they pay their own teachers and Israeli Arab

teachers," says Mr Doudin.
From September 1967 to the
end of 1984 the Jordanian
authorities calculate that net immigration from the occupied territories was 274,800—155,900

tion is the second priority with a total of JD 78.8m, including JD 25m for the universities and

port fund.

Agriculture, with an allocation of JD 62m, is seen as of crucial importance as the sector most adversely affected by the istaell occupation," leading to the greatest pressure on people to leave as the Israell takeover of leave and management. of land and water resources has severed their links with the land. To revive industry, whose share of the territories GDP is said to have fallen by half to 7 per cent, the expenditure envis-aged would go mainly to estates and a credit fund offering medium-term finance.

"Implementing a develop-

projects. The money is distributed to nine committees responsible for implementation in based on the main municipalities covering Jerusalem, Jenin, Nablus, Tulkarem Kalkiya, Ramailah, Jericho, Bethilehem, Hebron and Gaza.

The main channel releasing the money will be the branch of the Cairo-Amman Bank opened in Nablus last year. The hope is that authorisation for the opening of more branches will be given. So far at least the Israeli towards a growing imbalance.

Per capita capital formulation on the West Bank was put at 57 per cent of that of the East Bank but had fallen to 46 per cent by authorities do not appear to be thwarting the early, hesitant implementation of the plan. Mr Taher Kanaan, Minister of Planning, even goes so far as to say that they like what has been taking place and welcome projects which relieve them of responsibility. Exploitation of water resources, meanwhile, remains an exclusive Israeli remains an exclusive Israeli

Availability of finance seems very problematical. Existing US commitments amount to \$11.5m and Jordan is taking about \$30m in aid from Washington for the next American fiscal year but can hardly expect to receive the \$150m for the full five-year period originally requested Small contributions have been made by West Germany, the UK and France. Recently the old joint Jordanian-Palestinian committee responsible for and to the territories, received \$9m from Saudi Arabia, the last instalment of money pledged for the 1978-85 period by it and other Arab oil states at the Baghdad summit following the Egyptian-Israeli peace treaty.

Payments were to have run at \$100m annually but the total paid over the period was no more than about \$450m, accord-ing to Mr Kansan. It is sad, as Jordan sets about a reasonably coherent plan to stem the flow of emigrants, that bounty from the Gulf is not available in its old abundance.

Richard Johns

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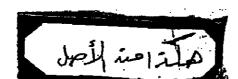
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March 1987



	Ва	lance o	f payme	ents			
(ID)	1981	. 1982	1983	1984*	1985*	Jan-Sept* 1986	Jan-Sept* 1987
Trade balance:							
Exerts	242.62	264.53	210.59	290.66	310.89	228.83	179.61
(raports	1.046.36	1,141.12	1,101.96	1,257.95	1,072.51	7 9 4.08	632,20
Net balance	-803.74	-876.59	-891.37	-967.29	-761.62	-565.25	-452.59
Services (net)	359.25	385.03	455.12	395.64	346.71	284,71	252.55
of which: Remittances	340,89	381.87	402.90	475.00	402.92	307.94	330,84
Unrequited transfers (net)	430.80	373.29	294.93	278.76	315.01	233.05	170.38
of which: Government grants	415.33	363.72	289.56	261.70	291.18	215.73	155.39
Believe on current account	-13.69	-118.27	-141.32	-104.13	-99.90	: -47.49	-29.66
Cepital account	69.04	113.40	156.76	64.37	137.64	71.62	81.03
Government (net)	13.21	92.57	145.88	35.47	127.99	71.18	57.56
Receipts	(318.21)	(316.19)	(315.64)	(287.40)	(352.12)	(269.02)	(206,74
Payments	(295.11)	(223.62)	(169.76)	(251.93)	(224.13)	(197.84)	(149.18
Private investment (net) .	46.82	20.83	10.88	28.90	9.65	0.44	23.47
New errors and omissions	-41.31	-57.49	+34.86	-29.54	~19.25	-30.58	-67.66
Overall belance	56.56	-4.87	15.44	-39.76	37,74	24.13	51.37
Foreign exchange reserves†	353.87	291.29	296.61	202,31	146.62	154.85	125.72
Source: Central Bank of Jordan statistics.	* Pre	liminary.	† End of p	eriods.	···		

The economy

Riding out the regional recession

DURING THE first four months of this year the volume of trans-actions on the Amman Finan-cial Market, Jordan's well-organised and healthy stock exchange, exceeded the total for the whole of 1986. Peak activity of 1983 looked as if it will be nty of 1863 looked as it it will be surpassed. The flurry, including not a little speculation, was trig-gered off by a cut in interest rates in November and a realisation that some shares were much undervalued.

were much undervalued.
But it did also reflect a measure of optimism about economic prospects which was also encouraged by a deliberately reflationary budget for 1987.
The general mood is one of cautious confidence about Jordania deliberate in the second of the second dan's ability to continue to withstand the recession in the region, particularly the Arab oil

producing states of the Gulf on which Jordan's own economic well-being so vitally depends. The measure of optimism, in the absence of any promise of a recovery of oil prices to the level reached in 1980, stems from the country's success in limiting the damage to the point that it has managed to maintain a marginal rate of growth over a marginal rate of growth over the past four years, albeit one lower than a high population increase of about 3.7 per cent might otherwise have gener-

Growth of 2.6 per cent was claimed last year, according to provisional official statistics. Some economists doubt that it was as high as well as the zero inflation shown by the government indices. Any rise in prices was negligible, though. Jordan's

over the past two years.

of special significance. of special significance—phosphates of which it is the world's third largest producer—Jordan has perennially been dependent on invisible earnings and capital transfers to balance its payments, while aid has always been an essential component of the budget

In the halcyon decade from 1973-83 the remittances of its expatriate manpower in the Gulf, the demand for its exports stimulated by regional prosper-ity and from 1978 the \$1.25bn, then the equivalent of 370m Jordanian dinars, were not only enough to ensure deficits on both counts but also to fuel an annual growth in real terms by over 10 per cent from 1976 to 1982.

support systems. Committed Arab aid had fallen by near half. Recorded remittances going through the banking system were holding up well but there were fears of a drastic fall are a result of experience were fears of a drastic fall are a result of experience were fears of experience were fears of a drastic fall line of over \$500m repayable in as a result of expatriate man-power being laid off in the Gulf states and having to return home, swelling unemploycurrently at least 8 per

cent—in the process.

Last year publicised Arab aid fell to JD 142m, 27 per cent down on the previous year with only Saudi Arabia fully honour-foreign exchange held by the ing its obligation. The slack was Central Bank had fallen at the taken up by increased developend of February to only JD ment aid and soft-term loans. It 86.5m compared with a peak of

perennial trade deficit was cut as imports fell for the first time for several years. Private consumption is undoubtedly being following the collapse of Rizk redced but the belt-tightening has not proved painful yet.

"Compared with everyone else around us, we have done well," says Dr Michel Marto, general-manager of the Bank of Jordan and a respected economgeneral-manager of the Bank of Jordan and a respected economist. With scope for manoeuvre so limited and its vulnerability to external factors so great, Jordan can probably boast the best-managed economy in the Arab world. Western diplomats and aid officials give a great deal of credit, especially to the present administration under Mr Zaid Rifai, for maintaining stability over the past two years.

affair, as much of this money passed outside the banking system as through it. But some observers believe that it could have been two or three times as much. At the same time there is speculation that a significant part of the 1986 total could have been the repairiation of savings. But the fact that the number of workers returning—there are still 350,000 abroad—has been a trickle rather than a deluge, has trickle rather than a deluge, has A country with only limited generally allayed fears on that natural resources and only one score.

Preliminary figures for the first nine months of 1986 indi-cate that the current account deficit for 1986 will be the lowest for many years with the deficit of JD 27m, 37 per cent less than in the same period of 1985. Especially heartening was the narrowing of the trade gap. Imports fell by 20 per cent from JD 1.07bn to JD 950m. Two crucial factors were the fall in oil prices and a weaker dollar. The others were tighter controls to protect local industry and lower consumption. Exports, though, were also lower at JD 256m compared with JD 310m in 1985.

Jordan has succeeded in boosting volume sales of phos-phates—accounting for nearly a Two years ago. there was third of exports by value last the future of both these vital the future of both the futur prices. Its export potential more than ever is restricted by the line of over \$500m repayable in oil but only after a time lag of a year. Increasingly Jordan is resorting to bilateral arrange-ments with trading partners including Comecon countries whose share of its trade is increasing

Disturbingly, is believed that there may have JD 353.9m in 1971 and the been, in addition, unpublicised payments by the oil producers to finance purchases of defence equipment.

Executed in the state of the state o

Encouragingly, remittances been since 1983.)
were actually up at JD 415m compared with JD 403m in 1985.
But part of the reason for the mext year," says Dr Shukri. He "We hope this trend will be

emphasised that a prime reason for the decline had been the fact that the state had embarked fact that the state had embarked on projects assuming Arab aid donors would fulfil their pledges in full. With the com-mercial banks foreign assets still totalling JD 350m, foreign exchange was freely available, he points out.

The nadir in the central bank's holdings was reached; only a few months after the government had taken receipt of a \$150m syndicated loan facility. State spending has been the essential cause of the rundown. Jordan is still considered a good risk despite the growth of the budgetary deficit. But the state's indebtedness caused the last International Monetary Fund mission to visit Amman last summer great unease.

In the event in 1986 expenditure, originally set at JD 832m exceeded the budget by JD 222m—nearly 20 per cent of GDP if development loans are not defined as revenue.

at the end of last year, Jordan's public external indebtedness reached JD 1.11bn now involving, according to a recent statement by Mr Rifai, a debt service ration of 15.9 per cent. That is still in reasonable bounds in the opinion of com-mercial bankers, if not the IMF's. But it looks set to surpass Soon the 15 per cent ceiling laid down in the plan and—in the not-so-distant future—the 20 per cent which the Premier described as the internationally accepted "red line."

The 1987 budget, set at just over JD1bn is aimed at expanding local production, promoting exports and creating new jobs. It may once again prove somewhat notional. As usual capital expenditure on defence equipment is not included.

The Government's predicacreating must be a priority. But there is a dauger that it might go too far in its attempt to revitalise the economy thereby undermining the stability maintained in an extremely hostile economic environment over the past four years.

There is no clear indication of a strategy-or the political will to pursue one-which would bring about the decisive shift away from consumption towards investment required if the kind of growth targeted by the 1986-90 plans is achieved on a sound, non-inflationary basis.

Richard Johns

Financial services

Government seeks stronger institutions

JORDANIAN and foreign banks sheet rising a healthy 9.6 per-turned in a steady performance cent last year to JD3.982bn (JD last year in terms of profitabil-last year in terms of profitabil-ity and balance sheet strength; of decades of conservative local. given the four-year-old regional management and relatively recession and the economy's strong Central Bank supervision persistent vulnerability to has largely shielded Jordanian political events, economic banks from the sharp swings in trends and financial flows profitability and dividend payments of the sharp swings in the originating outside its borders, outs experienced by many The Jordanian financial sec-banks in the Gulf region.

leadership. grants, and flat remittances and

Across-the-board realisation exports, which in turn curtailed exportunities and the rising squeezed liquidity among many number of doubtful or non-per-private sector companies. forming loans engendered by Banks have felt the effect of the recession would have to be dealt with for several more form of more problem loans, years to come.

cussions this had on local confidence in banks.

Despite the recession, bank lendence in banks.

• And several mergers and buyouts which could signal the start, Central Bank official said in an
of an anticipated period of interview, adding that specific corporate consolidation and loan loss provisions are being

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tor was characterised last year by several developments, most notably:

New Central Bank of Jordan leadership.

A Arest the heard realisation of the following several developments, and flat remittances and grants, and flat remittances and grants which is two grants.

The collapse of the highly mates at less than ten per cent respected Rizk family money of all outstanding commercial changers and the slight reperbank credits of JD1.395bn.

dence in banks.

• Much stricter reporting, loan last year, and deposits rose by classification and provisioning requirements dictated by the Central Bank.

uning increased by 5.7 per cent last year, and deposits rose by 11.4 per cent to JDI.946bn.

"Our priority now is to focus on the banks making adequate of an anticipated period of interview, adding that specific corporate consolidation and restricturing, following the boom decade of 1974-83.

The Jordanian banking system is small compared to other financial sectors in the region, with the antire financial system in force for years. The banks, many of whom made financial sectors in the region, with the antire financial system. tem's consolidated balance have been working closely with

Central Rank management team

ger of the Bank of Jordan, one of Bankers and the Government corporate problems brought on the most prudent and profitable are anticipating new lending by inefficient management or domestic banks which last year opportunities this year as a even illegal activities.

The Bank of Jordan's purple. bought out the Jordan operation

Higher provisions have

slightly cut into some banks 1986 net profits, though on the whole the Jordanian banking system has maintained the same profit level as last year. All banks and finance com-panies are passing through a period of consolidation, with an emphasis on identifying their best clients, broadening their range of services to include more fee-based services, and trying to reduce their cost of funds, in an environment of

Last year the Central Bank

interest rates on deposits.
Only a few banks responded of Governor Hussien Qasim and as the government had anticiDeputy Governor Dr Maher pated—because of the low inflaShukri, both of whom had contion and lack of good new in Jordan, Saliba and Rizk

result of the economic and export promotion measures the ase of the Chase operation, and government has taken during the merger of the Arab Finance the past 18 months, which Corporation (Jordan) with the should start showing results in, top money changers Halim Salthe second half of this year.

In the short run, credit will be more difficult to obtain by commercial banks, investment commercial banks, investment com-

government-guaranteed institutions with a promoted by the tax-free status of bonds and the Central Bank's refinancing facility for syndicated loans. By the end of last banks to provide the Central bank to provide the Central bank to provide the Central bank with their organisational loans were worth JD 144m and charts for review. almost no inflation and attractive real returns on deposits which earn an average of 7-8 per. bonds JD 96m, reflecting the banking system's new-found

the Central Bank for the past 18 months to classify assets and identify problem loans, according to a uniform loan classification system.

This has coincided with the assumption of power by the new Central Bank management team.

The Central Bank for the past 18 dropped the ceiling on interest ability to provide medium-term paid on deposits and loans by financing for industrial productive over JD 200,000, and allowed banks to set their own minimum interest rates on deposits.

The Central Bank for the past 18 dropped the ceiling on interest ability to provide medium-term paid on deposits and loans by financing for industrial productive for JD 200,000, and allowed banks to set their own minimum interest rates on deposits.

The Central Bank for the past 18 dropped the ceiling on interest ability to provide medium-term paid on deposits and loans by financing for industrial productive forms. The government would like to see more bank lending to corporations and productive banks to set their own minimum interest past of the ceiling on interest ability to provide medium-term paid on deposits and loans by financing for industrial productive for JD 200,000, and allowed banks to set their own minimum interest past of the ceiling on interest past of the ceiling of the ceili capital schemes.

Shukri, both of whom had continue and lack of good new siderable previous Central borrowers.

Bank experience.

"The Central Bank has adopted a very wise policy of yet further, in order to encourage attended and the corresponds to the variage and setting which corresponds to the variable provisions," said Drawich corresponds to the variable risk inherent in loans to Michael Marto, General Management of the Covernment of good new in Jordan, Saliba and Rizk Shukri Rizk, under a burden of obligations to depositors, along with several smaller changers, was a shock to the variable risk inherent in loans to different quality clients.

The central Bank has erment to free interest rates adopted a very wise policy of staying out of depositors, along with several smaller changers, was a shock to the variable risk inherent in loans to the local finance scene, but has not affected the banking system. tougher policy of staying out of

more difficult to obtain by companies without a proven track panies and money changers. The government will not force ters, as the banks continue to favour lending to government or monetary officials, but would government guaranteed institutions. This trand is further transport institutions with a

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AMMAN PLAZA JORDAN

State intervention pays off

SOMETHING PRETTY drama-tic had to be done with Jordan's agriculture sector. After all, it is a major source of income for 20 per cent of the population and provides jobs for about 12 per cent of the labour force, apart from being the only means by which the Kingdom can attain some degree of food security and reduce its massive food

It was therefore no joke when. in the eary 1980s, the wheat harvest fell to one-twentieth and then one-fiftieth of the annual consumption of 50,000 tonnes, as a result of successive drought years; and when vegetables were left to rot in the fields, due to over supply and low prices in the domestic market and the absence of an effective marketing arm for export.
The struggle to formulate a

well-defined, long-term agricultural policy has been going on for many years, see-sawing between free enterprise and import/export control strategies as the Governments changed. The very real and urgent need for action stared planners in the face when they were assessing the 1981-86 five-year plan and drawing up the current 1986-90 programme.
It came to light that agriculture's share in the GDP had

dropped almost 30 per cent to 5.6 per cent during the 1081-88 plan period and that agricultu-ral investment (excluding dams and irrigation) during the five years reached only JD 182m, a shortfall of JD 51m below the planned investment of JD 233m.

Planners and the Government also took careful note of the figures which revealed that the private sector had fulfilled 105 per cent of its target while the public sector paid out only 43 per cent of its allocation.

The current five-year plan and the present agricultural policy are based on achieving a growth rate of 7.8 per cent in the sector and boosting the income from agriculture to JD 163m by 1990 from the current rate of JD 97m. The Government expects to attain this goal by increasing spending on agricultural projects to JD 337m of which the public sector is to provide JD 117m and the private sector JD 220m and by backing this expenditure with a series of Government measures to reg-

ulate vegetable output increase

duction and renewed efforts to

Mr Marwan Hmoud, the Minister of Agriculture is confident that his ministry can handle its new administrative and super-visory role. He believes that the increased Government commit-ment and direct involvement with agriculture is necessary to strengthen the rural economy, stem urban migration, lower the JD 100m annual food import bill and increase self-sufficiency He is therefore unperturbed by complaints of "too much Government intervention and supression of initiative and market forces " levelled by farmers and economists.

The controversial agricultural cropping pattern for irrigated vegetable cultivation, greeted by cries of alarm when introduced in early 1984, was the first major move to regulate production and put a stop to cyclic gluts of tomatoes, aubergines and cucumbers which used to cost the Ministry an average of JD 1.25m each year in grower support.

Three years on, Jordan has become self sufficient in the production of potatoes and onions which had a combined import cost of JD 3.62m the year before the cropping pattern was introduced to diversify the crops being cultivated and to reduce the area grown with tomatoes. The cropping system has also benefited consumers who can now select Jordanian broccoli, garlic, leeks, fennel and ceiery from their greengrocer, all of which were imported three years ago.

Food security is a major preoccupation in Arab countries, especially in cereals, and Jordan is no exception. Annual wheat production has varied wildly from the 1980 high of 133.000 tonnes to the record low of 8,500 tonnes in the drought

In order to achieve a higher and more stable grain harvest, a two-pronged approach to cereal cultivation has been adopted. First, there is a greater emphasis on better farming methods, the use of fertilisers and pesticides, and improved research and extension-all of which is estimated to boost production by around 5 per cent, even in the rain-fed grain growing areas. Also, the completion of a three-

Sector	1981-19 Planned	85 Plan Actual	1986-1990 Plan Planned	
Agriculture	7.5	7.0	7.8	
Mining and Manufacturing	17.8	4.9	7.2	
Water and Electricity	18.9	9.6	4.7	
Construction	12.6	2.3	4.0	
Total Commodity Producing Sectors	14.9	4.8	6.4	
Trade	10.0	4.3	4.0	
Transport & Communications	11.1	5.4	5.6	
Government Services	3.5	2.2	4.3	
Other Services	9.0	3.9	3.5	
Total Services Sectors	8.4	3.7	4.3	
GDP (at factor cost)	11.0	4.2	5.0	

of land grown with cereals— both wheat and fodder since the expansion of the livestock sector has been restricted by short-ages in locally produced animal

In April 1986, the Government began to lease state-owned land in the semi-arid southern regions of the Kingdom for agricultural development by private investors. A total of 200,000 dunums (20,000 hectares) in the Suwwan and Qa Disi areas have been leased so far at nominal fees of 100 fils per dunum annually. The Government has also guaranteed to purchase all output at subsi-dised prices for five years.

The Jordanian and Arab investors who leased the land are also exempted from income, land and agricultural taxes for a five-year period. The bulk of the leased land is to be grown with wheat and barley but the government is also encouraging integrated farming in these areas to include cattle and

A similar leasing policy in the Azraq region is presently under serious consideration and studies on the land utilisation potential and available water resources are underway. In addition, the Ministry plans to launch an ambitious integrated farming project in the Hamad Basin, at the point where the Saudi, Iraqi and Jordanian bor-

ders converge.

Even with the availability of new pasture areas, it is optimis-tic to expect that livestock farmers will be able to meet more than 50 per cent of local demand

However, rising standards of living and steady population growth have increased demand for red meat far faster than farmers will be able to make up in the near future. Imports, par-ticularly beef, are likely to continue to bridge the gap.

year seed multiplication project late in 1987 is expected to help push up the grain yield per dunum (10 dunums—I hectare).

Second part of the strategy is to drastically increase the area duction and husbandry. At the of land grown with cereals—end of 1985, the total capital both wheat and fodder since the involved in this sector stood at the livactock second part of the poultry industry meat and purposition of the strategy is overall income from animal protection of the livactock second part of the poultry industry meat and sufficient in poultry, meat and sufficient in poultry, meat and sufficient in poultry industry meat and sufficient in poultry meat and sufficient in poultry meat and sufficient in poultry, meat and sufficient in poultry meat and sufficient in poul JD 145m. The major problem in the poultry sector had long been a lack of cold storage and freez-ing facilities. This, has meant periodic gluts and shortages of chickens and subsequent price fluctuations. The entire sector has recently been reorganised and will now be run by a Government company with private shareholdings and a capital of JD 6m, which will take over responsibility for all slaughtering, marketing and distribution

> The most significant development in Jordan's agricultural sector over the past year has been a breakthrough in the marketing effort of the official public marketing company.
> With its teething troubles and
> breakdown problems largely
> resolved by mid-1985, the Agricultural Marketing and Pro-cessing Company (AMPCO) introduced stricter quality con-trol standards for export and mproved its packaging—both of which had previously let the side down against fierce com-petition from low-cost supliers, notably Greece and

of poultry.

With an additional 114,000 dunums of land in the Jordan Valley, the Southern Ghor and Wadi Araba to be brought under irrigation within the plan period, fruit and vegetable out-put is projected to rise 20 per cent by 1980. AMPCO is planning to build cold storage facili-ties to cope with the expected increase and will soon be backed in its activities by the recently formed Jordan Market-ing Organisation (JMO) which will research agricultural marketing, set prices for com-modities and conduct feasibility studies on the agricultural sec-

tor and food industries. Anne Counsell

Phosphates

Fertiliser plant on profits trail

THE JORDAN Phosphate Mines
Company (JPMC) has been a landing the Ruseila mine a
continuing source of pride in leading role in an ambitious
Jordan's beavy industrial sector JD400m scheme to establish an and a consistent contributor to the national economy. Bearing full responsibility for the extraction, primary processing and marketing of the Kingdom's acquisition of the Jorn principal natural resource—it is the world's third largest pro-ducer after Morocco and the US—the Government-owned JPMC adopted a methodically onward and upward approach to its operations soon after its formation in 1953. Over the

years, it has developed a comparatively aggressive marketing strategy—reflected both in climbing production figures strong sales and steadily

Jordan has seen its phosphate production almost quadruple over the past 10 years—climb-ing from 1.68m tonnes in 1978 to 6.25m tonnes in 1986. In tandem with the rise in production, sales have also been on the up and up—inceasing from 1.65m to 5.2m tonnes over the same period JPMC's main export outlets are in East Europe, Asia and the Far East, with India, Romania, Yngoslavia, Indonesia and Japan ranking as the top five buyers in 1986.

Export agreements

largely conducted through counter trade arrangements based on independent price negotiating The Lab. (Aqaba) price for phosphates is in the range \$28-42 per tonne depen-ding on quality as determined by percentage Tri-Calcium Phosphate (TCP), as well as physical and chemical prop-erties. The higher grade phosphates are produced from the Wadi Al Abiad and Al Hassa mines and have proved to be readily marketable. The lower grade rock, mined mostly from The Ruseifa mine near Amman. has been hard to shift on international markets, blighting an otherwise excellent company performance.

These marketing problems prompted the company to shut down the Ruseifa mine in July 1985 in a bid to avoid further losses from producing low grade phosphates. As the "temporclosedown dragged on into 1986, the issue of poor quality irock moved to centre stage and became a catalyst for a major shake-up in the Kingdom's

A significant development for A significant development for the JPMC was its August 1986 acquisition of the Jordan Fertilisers Industry Company (JFIC) for JD60m. The JFIC, which has a capital of JD55m and owned a JD145m plant in Agaba, had seen the price of its diammonium phosphate end product drop by nearly 50 per cent in five years and by the end of 1985 JFIC had; posted accumulated losses of JD40m. JPMC Director General Wasef Azar does not however see the fertiliser plant as a millstone for the JPMC. On the contrary, he expects long-term benefits all round as a result of a recent and dramatic rethink of Jor-dan's extractive and chemical industries. He also believes that in the immediate future the JPMC is in a stong position to set the fertiliser plant on the right track and that later, within the new integrated approach to industry, he foresees a turn-around in the fortunes of the

rials which previously had to be imported, pushing up already too high production costs. On the first level, Mr Azar notes with pride that the JPMC—by harnessing its marketing expertise and "existing good relations"—has aiready succeeded in selling the fertiliser plant's total annual production of approximately 3.6m tonnes planned for 1987.

fertiliser complex through the

domestic provision of raw mate-

The new management has also reduced production costs from \$250 a tonne to around the \$200 mark, although the end product is still only fetching \$158—178 per tonne on the fluctuating world market. Mr Azar expects that moves to diversify sources for raw materials and equipment will also reduce costs, not-ing ruefully that Western suppliers, particularly those for spare parts, "have not been fair at all." The main remaining stumbling block is a technical problem, still unresolved with the contractor, over the plant's

inability to produce concen-trated phosphoric acid in suffi-cient quantities. Moving onto the new inte grated approach to industry, Mr Azar outlined plans for a Dead

development project, linking the operations of the Rusells mine with those of the Arat Potash Company to recycle and utilise the by-products of each in a host of new and established chemical-based industries.

In the first stage, 1987-90, the plan is to build a calcinationplant to produce highly concen-trated calcine rock phosphate using low grade ore from the Ruseifa mine. A detailed study on the processing and utilisa-tion of calcine phosphate for the production of phosphoric acid has just been completed and a pilot plant is presently conducting tests on the product as well as the carbon dioxide and lime by-products of the calcination

A feasibility and costs study has just got underway on the utilisation of the by-products and the Soviet Union has expressed interest in becoming a party to the phosphoric acid arm of the project, whilst India is seriously considering its involvement in other sectors of

Overseeing the implementa-tion and engineering work for the projected complex is the one-year old Jordanian Industrial Services and Engineering Consortium (JISECO), a public shareholding company presided over by Mr Omar Abdullah Daghan, who is also chairman of the Arab Potash Company and a former director general of the Natural Resources Anthority. Natural Resources Anthority.

Mr Dachan is optimistic that
the complex will prove to be
feasible using oil or gas as
energy. But the findings of
recent studies on oilsand (tarsand) reserves in the Dead Sea

energy.
According to Mr Dachan, initial exploration work has been "encouraging" with estimates of reserves put at well over the required 20m cubic metres for the next 20 years.

region have generated consider-

The oil impregnated sand con-The oil impregnated sand contains 13 per cent oil by weight and through direct combistion could be used to generate electricity and/or steam for the complex with the by-products (nitrogen, carbon diaxide, suiphur and sand) being used in other sections of the industrial process.

The 30m cubic metres of water required each year for the complex would come from the Southern Ghor Stage II project which is according completion. which is nearing completion, according to Mr Dachan.

A JD 1m feasibility study on stage one of the complex is currently being conducted by JISECO with financing from shareholders. including the JPMC which has a 20 per cent stake in the consortium's JD 500,000 capital. The outcome of the study will determine the number of subsidaries within a mother holding company for the complex. A JD 1m feasibility study on

Aside from JPMC's close involvement with JISECO and the industrial complex, the company is also actively pursuing its own individual expansion programme. The company has taken over the new Shidiyoh site in southern Jordan and expects to start mining and pro-duction by mid-1988.

The Shidiyeh project, with its proven reserves of some 1bn tonnes of high grade phosphair, is expected to push exports up to around 9m tonnes annually by 1990, according to Mr Azar. The project's infrastructure tenders have been awarded and JPMC will be floating tenders for the procurement of two drag-lines and mining equipment in the next three months under the first stage of the project and at a cost of JD 23m to JD 28m.

able excitement over harnes-sing this resource for low cost Feasibility studies on a rail link between the Shidiyeh site and Aqaba have also been completed and are presently under

Anne Counsell

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Tourism

A lack of strategy

JORDAN HAS all the ingre-dients for what should be a dynamic tourism industry: fine weather, a complete infrastruc-ture, hundreds of antiquities and biblical sites and unique natural attractions. The geographic location, is also strageraphic location, is also stragetic, and its people gregarious
and easygoing Should an ArabIsraeli peace ever materialise,
Jordan's tourism potential
would grow exponentially.
But Jordan's tourism potential remains substantially

untapped, due to the combina-tion of imprecise national priorities and strategies, a meagre marketing and promo-tion budget, and inconsistent coordination among the various component parts of the tourism industry, such as the Tourism Authority, hotels, travel agents, the national airline, and land

transport companies.
Tourism developed in Jordan
in the 1950s and 1960s due to
demand from Europe and North America for trips to Holy Land sites, notably Jerusalem and Bethlehem. When Jordan lost the West Bank and the Holy Land attractions to Israel in the 1967 war, the government was forced back on the substantial,

but latent tourism potential east iof the Jordan River. Not only does Jordan have world class attractions in Petra, the 2,000-year-old, rock-cut capi-tal city of the Nabataean Arab tal city of the Nabataean Arab
hingdom, and the Greco-Roman
city of Jerash; it also boasts a
splendid array of antiquities
sites spanning every major
period of human civilisation.
They include stone age villages,
biblical walled towns and archaeological remains from the Bronze and Iron ages, Greco-Roman fortresses and towns, Nabataean temples and cities, Byzantine churches, mosaics and villages, early and medieval Islamic palaces, baths and fortresses, Crusader cas-tles, and Ottoman forts and vil-

lages.
This wealth of antiquities is easily accessible through a comfortable infrastructural network of roads, hotels, resthouses, airports and airline: the UK, report high advance
connections, coaches and renta-cars it is complemented by an would be able to bring more
equally varied and unusual fare travellers to Jordan if sufficient

of specialist attractions.

These include bird-watching These include bird-watching at the Azraq oasis, several mineral hot springs in use since Roman times, the briney therapeutic waters of the Dead Sea (at 400 metres below sea level, lits tourism promotion to that of lowest spot on Earth).

The government also expects to increase visitors by linking its tourism promotion to that of Egypt's, which draws a far bigger number of tourists every and year-round marine sports at the Red Sea port resort of Agaba.

It is possible to take a nostalgic ride on a World War I vin-tage steam railway along the An important, but as yet line made famous by Lawrence uptapped, potential market is

of Arabia, horseback ride along the Gulf Arab tourist, particuthe ancient Spice and Incense Route in the Petra region, and climb, hike and caravan in the pastel-coloured, moonscape-like expanses of Wadi Rum, to mention only the most impor-

Riding on the back of the Holy Land market's pull Jordan has steadily increased the number of annual tourist arrivals and the length of their stay in the country. In 1986, the tourism and travel current account brought in JD 186m (\$558m), compared with 1985's record high JD 204m (\$600m), Though total "arrivals" into Jordan increased from 1.89m in 1985 to 1.912m in 1986, actual tourist arrivals are thought to have dropped if expatriate Jorda-nians and Palestinians and Arab workers are omitted from the arrivals figures.

European arrivals dropped from 109,683 to 90,341, and North Americans declined from 60,853 to 37,078—largely due to the same fears of political violence that kept so many North Americans away from West European and Mediterranean destina-

and Mediterranean destinations.

Jordan's strategy is to lessen its traditional vulnerability to the erratic North American market and focus on the less fickle Europeans, who in any case spend an average of about five nights in the country, compared to the Americans' one-to-two nights. Royal Jordanian airline concentrates its marketing on North America, as it benefits more directly from ferrying Bible-minded pilgrims to the Holy Land via Amman and the Jordan River bridges.

Direct charter flights from European capitals to Aqaba are expected to resume next year after nearly a decade's suspension, while closer co-operation with several leading European tour operators has started to stimulate the market again after last year's slippage.

Those few European operators who specialise in Jordan and other Near East destinations, such as Jasmin Tours of the UK, report high advance

high season (spring and autumn) hotel accommodations were

ger number of tourists every year, by producing joint prom-otional materials and conducting joint marketing campaigns at key international tourism

larly family groups who like to drive their vans and large cars to neighbouring Arab states, such as Syria and Egypt, during the hot summer months. During the past two years, an annual average of 300,000 Gulf Arabs passed through Jordan on their way to other Arab states, and an effort is being made to build-facilities (notably a tourist village in the cool green mountains of Dibbin, near Jerash) to meet their needs.

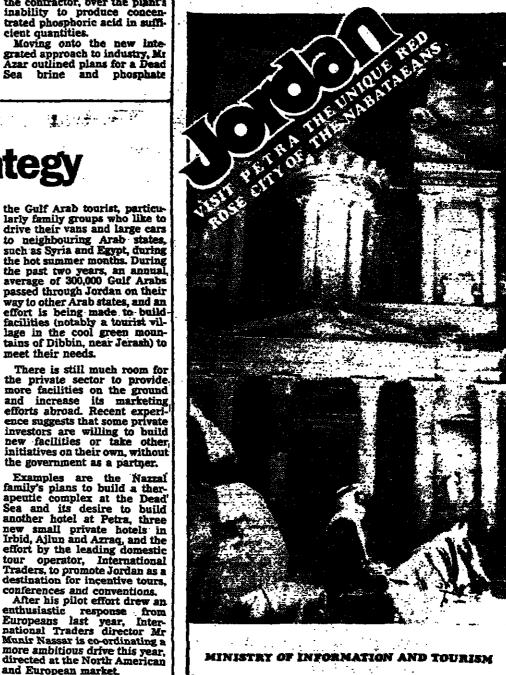
There is still much room for the private sector to provide more facilities on the ground and increase its marketing efforts abroad. Recent experi ence suggests that some private investors are willing to build new facilities or take other initiatives on their own, without the government as a partner.

Examples are the Nazzai family's plans to build a therapeutic complex at the Dead' Sea and its desire to build another hotel at Petra, three new small private hotels in Irbid, Ajlun and Azraq, and the effort by the leading domestic tour operator, International Traders, to promote Jordan as a destination for incentive tours, conferences and conventions.

After his pilot effort drew an

enthusiastic response from Europeans last year, Inter-national Traders director Mr Munir Nassar is co-ordinating a more ambitious drive this year, directed at the North American

Rami G. Khouri



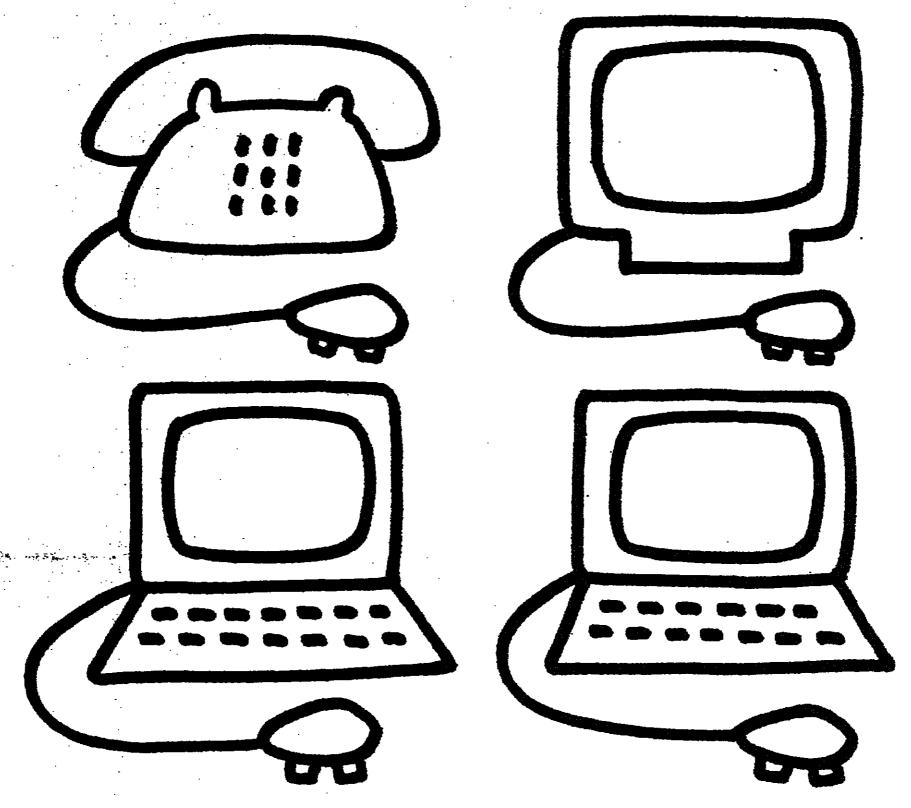
BANK OF JORDAN (Established 1960) OFFERS COMPLETE BANKING SERVICES 27 Branches throughout Jordan

STATEMENT OF AUDITED ACCOUNTS AS AT 31 DECEMBER 1986

(ID=US\$2.91)

Bank of Jordan, P.O. Box 2140, Amman, Jordan Telephone: 644327/8

ERICSSON MAKES THEM AS EASY TO PLUG IN AS A TELEPHONE.



This is the easy new way to spread computer power within your company.

Yesterday, computer power was reserved for the company's "heavy users" and the natural solution was to hook up a separate data network.

Tomorrow, information and computer power must be available to everyone. Throughout the company. And most people will use their equipment only a few hours each day.

Therefore our idea is the only feasible one. With our new digital telephone exchange you can use your existing telephone wires! And plug in personal computers, word processors and terminals as easily as telephones.

This simplicity is one half of our strategy.

The other half is "openness".

"Openness" to other systems, to international standards and to the future.

One example: on our new generation of terminals all you need to do is press a button to shift from IBM to DEC to Sperry, etc.

We know that this "openness" is good for our customers. But it's just as important to us at Ericsson. Without it we couldn't break into other computer worlds and build the functional and economical information systems you need.

That's why "openness" is fundamental to us at Ericsson.

It should be equally fundamental to you.

Actually, we have common interests.



Here, there and everywhere.





FT LAW REPORTS

Italian office bound by property contract

JANRED PROPERTIES LTD V ENTE NAZIONALE PER IL TURISMO (NO 2)

Court of Appeal (Lord Jus-tice O'Connor, Lord Justice Croom-Johnson and Lord Justice Nourse): May 19 1987

A FOREIGN state organisa-tion which contracts to buy property without obtaining ministerial approval as required by its constitution, is estopped from denying the validity of the contract if it ratifies it and as a result the other party suffers detriment, and if under the law governing its constitution such a contract is within its capacity and would be susceptible of ratification on obtaining ministerial approval.

The Court of Appeal so held when dismissing an appeal by Ente Nazionale per il Turismo, the Italian Tourist Office (Enit), from Mr Justice Knox's decision ([1986] 1 FTLR 246) that it was liable in damages to Janred Properties Ltd, a pro-perty development company, for falling to complete the purchase of a long lease. A cross-appeal by Janred on damages was dis-

LORD JUSTICE NOURSE said that Enit was an Italian state organisation supported largely by public funds. Janred held London property under an underlesse which had 79 years

On March 19 1982 two agreements were entered into between Janred and Enit. The first was for the grant to Enit of a sub-underlesse for 25 years. The

The 25-year lease was granted out of time, but the parties treated it as valid. The option was not exercised on June 30,

On July 2 a further agreement ("the July agreement") ment ("the July agreement") Italian law, where a contract was reached between Janred and Enit by which the option was extended to July 2 and completion was postponed to September 30. It was signed by a Mr Tomba, Enit's London manator in militar relativa. It was subject to militar relativa. It was void-

tion of property required the sent . . ."
approval of the Minister of He held that estoppel was Tourism and Entertainment, not excluded by nullita relativa

Between December 1980 and October 1982 all Enit's powers were vested in its president, Mr Morettl, although he did not have power to give or dispense with the Minister's approval where that was necessary.

where that was necessary.

Payment of the £150,000 on presentation of the postdated cheque was made on Mr Morett's authority. It was therefore an act of Enti itself.

After July 2 the conveyancing procedures in London between contract and completion proceeded normally. In Rome there were negotiations to try to assemble the outstanding £1.35m.

Between September 29 and

standing fl.35m.

Between September 29 and October 7 Mr Moretti made a number of approaches to the Minister for general approval and for approval of the expenditure. On October 8 the Minister wrote to Mr Moretti approving a suggestion that he should check personally in London the possibility of delaying completion so as to avoid loss of the deposit.

loss of the deposit. On October 4 Janred served on Enit a 21-day notice to com-plete. On October 14 Mr Moretti went to London to a meeting with Janred. He offered to complete by deferred instalments. That was not accepted. On October 28 Janred issued

the writ in the present action. The property had been kept off the market on the strength of the option agreement the July agreement and the continued negotiations for delayed completion. There had been no suggestion of repudiation of the contract by Enit. It was put back on the market on November 2. The loss to Janred

sub-underlease for 25 years. The second conferred on Enit an option to purchase Janred's underlease for £1.5m.

The option was exercisable until June 30 1982. On exercising it Enit was to pay a deposit of £150,000. Completion was to be July 31.

The 25-year lease was granted back on the market on November 2. The loss to Janred on resale was £200,000.

Before Mr Justice Knox, Mr Brodie for Enit submitted that it had no power to enter into the July agreement without the Minister's approval, and that it was therefore ultra vires and the July agreement without the Minister's approval, and that it was therefore ultra vires and void.

The judge held that because of the lack of approval Mr Moretti did not have power to authorise Mr Tomba to bind Enit. But he found that under

Such a contract was subject to nullita relativa. It was void-Mr Tomba, Enit's London mana-ger, and by a Janred director. A post-dated cheque for £150,000, also signed by Mr Tomba, was handed over.

Enit's constitution was regu-lated by Law 548. It was em-powered to set up information offices abroad but the acquisi-tion of property required the

because ultra vires rendered a transaction a nullity, which could not be said of nullita relativa, and because Enit as opposed to its officers, had power to enter into the July agreement which fall senses by agreement, which fell squarely within its objects,

The judge held that the July agreement was binding on Enit by estoppel. Although his approach was perfectly acceptable, there was a slightly dif-ferent route to the same end.

Assuming there was no contract in existence on July 2, there were two subsequent events of crucial importance which constituted ratification by Enit of the July agreement, or entry into a fresh contract on the same terms. On each occasion the act was clearly the act of Enit itself and not the unauthorised act of one of its officers. The only thing still lacking was the minister's

The first of those events was the provision of £150,000 deposit on July 14. Payment was made on the authority of Mr Moretti, in whom all Enit powers were vested.

It was difficult to conceive of an act more clearly calculated to ratify a previously unauthorised contract for the purchase of land, or to constitute entry into a fresh contract on the same terms.

The second event was the part played by Mr Moretti at the meeting on October 14, in particular his offer to complete the purchase by deferred instal-

Again, it was difficult to conceive of a more vivid act of ratification or affirmation, ming that such an act was still needed.

As a matter of Italian law on July 14 or October 14 there came into existence a contract to purchase the property on the terms of the July agree-ment. That contract was voidable at the suit of Enit and with the consent of the Italian court, but was binding on and not voidable by Janred. It was susceptible to ratification by Enit on obtaining the Minister's approval.

If that was the position under Italian law, there was no principle which required English law, as the law governing the contract, to take a different view. There was no reason why the doctrine of estoppel should not be capable of applying. of applying.

Enit acted in such a way as it regarded itself as bound by the contract and fully intended to complete. The Minister's approval of Mr Moretti's proposal to seek delay in comple-tion could only have served to confirm Enit's representation that it regarded itself as bound by the contract.

It being clear that there was sufficient detriment to Jaired Enit was estopped from denying that it was bound by the July agreement. The appeal was dis-

Lord Justice Croom-Johnson gave a concurring judgment. Lord Justice O'Connor agreed. For Janred: Gavin Lightman QC, Jonathan Crystal and Elizabeth Jones (Howard Ken-

For Enit: Stanley Brodie QC and Stephen Nathan (Colombotti & Partners)

By Rachel Davies

Appointments 4 6 1

FINANCIAL CONSULTANT

Leading international investment house requires, for its City-based office, NYSE registered Financial Consultant to specialise in investment of Japanese equities by UK-based clients, ideally candidate should have some business experience gained in US and Japanese trading environment. Educated to MBA standard, Salary negotiable.

Please write in strictest confidence, enclosing curriculum vitae to Box A0543, Financial Times. 10 Connon Street, London EC4P 4BY.

NOTICE OF INFORMAL MEETING 10:30 A.M. June 9, 1987 at Cinema 1, Barbican Centre Level 1 Barbican, London EC2Y8DS To holders of

NOTICE OF DEFAULT

Texaco Capital N.V.

111/4 Convertible Subordinated Debentures Due 1994 and 11%% Convertible Subordinated Debentures Due 1994

On April 12, 1987 Texaco Capital N.V., Texaco Inc., its sole stockholder and guaranter of the Debentures, and Texaco Capital Inc., an affiliate (collectively, the "Texaco Group"), each filed a voluntary petition in bankruptcy under Chapter 11 of the United States Bankruptcy Code in the United States District Court for the Southern District of New York. This filing constituted an Event of Default under each of the Indentures relating to the Debentures.

Texaco Capital N.V. failed to pay the annual installment of interest due on the 11% Debentures on May 1, 1987 and on the 11% Debentures on May 1, 1987 and on the 11% Debentures on May 15, 1987. Failure to pay interest on the Debentures will constitute an additional Event of Default after the passage of a 30 day

On April 27, 1987 Rankers Trust Company, as Trustee under the Indentures, was appointed to a committee of unsecured creditors authorized to review the continuing business operations of the Texaco Group and to participate in the formulation of a plan of reorganization.

During the course of the bankruptcy proceedings, we will provide pertinent information to Debentureholders who are registered holders or with whom we are able to communicate by mail through the clearing organizations, Euroclear and Cedel, Holders who wish to receive direct communications are invited to request the same by communicating with us at the address below.

In order to provide Debenburcholders with further information about the bankruptcy pro-In order to provide Debentureholders with further information about the hankruptcy proceedings, we have called an informal meeting of the Debentureholders to take place on June 9, 1987, at 10:30 A.M. at Chema I. Barbican Centre Lovel I. Barbican, London EC2YSDS. Attendance will be restricted to Debentureholders of the above issues and their authorized representatives. Representatives of the Texaco Group have been invited to the meeting and are expected to be present. It is not anticipated that any matters will be placed before the masting for a vote.

> Bankers Trust Company, as Indenture Trustee Corporate Trust and Agency Group Church Street Station New York, New York 10015 Tel. No. (212) 250-6527 or 250-6526

SIEMENS

Information for Siemens shareholders

Sales figures surge due to power plant billing

Further acquisitions in the U.S.

In the first half of the current financial year (1 October 1986 to 31 March 1987) new orders continued to rise worldwide. The billing of the Brokdorf nuclear

power plant caused a sharp leap in sales. Irrespective of present economic uncertainties, Siemens will continue to invest vigorously in the future.

New orders

Siemens, meaning Siemens AG and its consolidated domestic and foreign companies, recorded new orders of £9,270m during the period under review. This was 7% more than in the first six months of the preceding year. German domestic business increased strongly by 10%. Reflected in this figure is a major contract received by KWU for a conventional district heating plant in north Munich. If the power plant sector is disregarded, new orders generated domestically were slightly down on last year's level. Against the backdrop of a weaker world economy and adverse currency movements, new order performance at the international level is viewed positively. Here,

increase in business volume, because gains from newly acquired companies were roughly equal to losses related to the currency situation. While growth trends in international business were greatest in the telecommunications and electrical installations sectors, the energy sector was particularly affected by worsening world economic conditions.

a 5% rise in booked orders fully reflects a real

in £m	31/3/86	31/3/87	Change
New orders	8,631	9,270	+ 7%
Domestic business	3,933	4,324	+10%
International business	4,698	4,946	+ 5%
miter raudital business	4,090	4,340	T 370

Sales

Siemens worldwide sales increased 18% to £8,983m. The 32% leap in German domestic sales was aided by the billing of the Brokdorf nuclear power plant; but even without power plant business, domestic sales rose a solid 5%. Internationally, sales grew 6%.

in Em	1/10/85 to 31/3/86	1/10/86 to 31/3/87	Change
Sales	7,607	8,983	+18%
Domestic business	3,579	4,733	+32%
International business	4,028	4,250	+ 6%

Orders in hand

The level of orders in hand remained steady at a high £19,089m, which is equivalent to slightly more than one year's sales. There was no

in Sm	1/10/86	31/3/87	Change
Orders in hand	19,089	19,089	0%
Inventories	8,146	8,146	. 0%

1/10/86

359

31/3/87 Change

262 1 105

Employees

With the addition of 3,000 people, the number of employees (excluding trainees and student workers) rose only marginally to a total of 362,000 during the first half of the year. Here, too, the picture is differentiated: the work force was strengthened both in the Federal Republic of Germany and abroad, notably in the sales and marketing sector. At the same time, employment was reduced in several production areas that were affected by the economic slowdown. The average number of employees increased 8% and employment costs 11%.

Mitholees	4 333	1 302	T 178
Domestic operations	231	233	+ 1%
International operations	128	129	+ 1%
	1/10/85 to 31/3/86	1/10/86 to 31/3/87	Change
Average number of employees in thousands	334	360	+ 8%
Employment costs in £m	3,521	3,901	+11%

Capital spending and net income

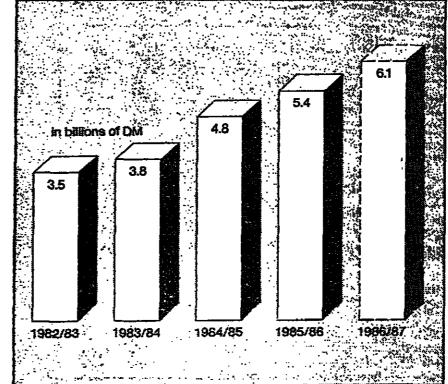
Siemens increased capital expenditure and investment by a further 15%, bringing the total to £1,011m. The rise is largely attributable to additions to fixed assets in the company's growth sectors, to the acquisition of Advanced Nuclear Fuels Corporation (formerly Exxon Nuclear Company) in Bellevue, Washington, and to the purchase of the remaining 65% of Tel-Plus Communications, Inc., Boca Raton, Florida.

At £229m (last year £220m), net income after taxes improved 4%; however, the steep rise in

sales pushed the net profit margin down from 2.9% to 2.6%.

in £m	1/10/85 to 31/3/86	1/10/86 to 31/3/87	Change
Capital expenditure and investment	880	1,011	+15%
Net income after taxes	220	229	+ 4%
in % of sales	2.9	2.6	

All amounts translated at Frankfurt middle rate on 31/3/1987; £1 = DM 2.897.



Siemens boosts spending on innovation

Since the start of the 80s, Siemens has doubled its investment in research and development. A further increase of 13% has been budgeted for the current financial year, bringing the annual total to DM 6.1 billion. This is substantially more than any other European company spends on R&D. More than half of Siemens' sales are generated from products new to the market in the last five years. Some 40,000 Siemens people are engaged in research and development in strategically vital areas - notably, in microelectronics and microelectronicsbased technologies, such as office automation, factory automation, communication networks, and medical engineering - ensuring that the company continues to move ahead in the technology race, and preparing it to play an even larger role in world markets of the 90s.

Siemens AG In Great Britain: Siemens Ltd.

Siemens House, Windmill Road, Sunbury-on-Thames Middlesex, TW16 7H\$

This announcement appears as a matter of record only \$1046. S.C.

Company Notices

UNILEVER N.V. DAVIDEND ON CERTIFICATES FOR OPDINARY CAPITAL ISSUED BY N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR Final dividend payments in respect of the year 1965 will be made on or affections 1987 as follows:—

3 June 1987 as follows:—

SUB-SHARES OF FL 12
IN THE NAME OF MIDIAND BANK EXECUTIOR AND TRUSTEE COMPANY LIMITED

ROW MIDIAND BANK TRUST COMPANY LIMITED

A divident. Serial No. 118 of FL6.402 per sub-share, equivalent to 189.9421p

DUTCH DIVIDEND TAX relief is given by certain Tax Conventions concluded by the DUTCH DIVIDEND TAX relief is given by certain Tax Conventions concluded by the Netherlands. A recident of a convention country will, generally, be liable to Dutch dividend tax at only 15% (FL0.9603, 28.4913p per sub-share) provided the appropriate Dutch exemption form is submitted. No form is required from UK residents if the dividend is claimed within six months from the above date. If the sub-shares are owned by a UK resident and are effectively convected with a business certied on through a permanent establishment in the Netherlands. Dutch dividend tax at 25% (Fl.1.6005, 47.4855p per sub-share) will be deducted and will be allowed as credit against the tax payable on the profits of the establishment. Residents of non-convention countries are liable to Dutch dividend tax at 25%.

dividend tax at 25%.

UK INCOME TAX at the reduced rate of 12% (22.7931p per sub-share) on the gross amount will be deducted from payments made to UK residents instead of at the beac rate of 27%. This represents a provisional allowance of credit at the rate of 15% for the Dutch dividend tax already withheld. No UK income tax will be deducted from payments to non-UK residents who submit an Inland Revenue Affidavit of non-residence in the UK.

To obtain payment of the dividend sub-share certificates must be listed on Listing ms obtainable from:

Widland Bank pic, Stock Exchange Services Dept., Mariner House, Pepys Street, London, EC3N 4DA

Northern Bank Limited, 2 Waring Street, Belfast B71 2EE

Alicel Irish Banks pic, Securities Dept., Stock Exchange, Bank Centre, Ballsbridge, Debta 4

Clydesdale Bank PLC. 30 St Vincent Place. Glasgow Separate forms are available for use (a) by Banks, UK firms of Stockbrokers. Solicitors artered Accountants (b) by other claimants. Notes on the procedure, in each case, are

printed on the forms.

DUTCH CERTIFICATES OF FL.1000, FL.100 and FL.20

A dividend of Fl. 10.67 per FL20 against surrender of Coupon No. 118. Coupons may be enceshed dirough one of the paying agents in the Netherlands or through Molland Bank, which contains a declaration that the certificates do not belong to a Netherlands resident, instructions for claiming reflect from Dutch dividend and UK income tax are as set out above except that UK residents fable to Dutch dividend tax at only 15% mass submit a Dutch examption form. Dutch dividend tax at only 15% mass submit a Dutch examption form. Dutch dividend tax on this dividend is FL2.6576 at 25% and Fl.1.60 at 15%. The proceeds from the encashment of coupons through a paying agent in the Netherlands will be credited to a convertible floring account with a bank or broker in the

isnos. statement of the procedure for claiming relief from Ducch dividend tax and for the ment of coupons, including names of paying agents and convention countries, car ained from Midland Bank plc at the above address or from the London Transfer N.V. NEDERLANDSCH ADMINISTRATIE- EN TRUSTKANTOOR London Transfer Office, Unitever House, Blackfriara, London EC4P 4BCL 20 May 1987.

BBL (CAYMAN) LTD.

unconditionally guaranteed by



-- US \$58,000,000 Floating Rate Notes due 1994

For the six months May 20, 1987 to November 20, 1987 the Notes will carry an interest rate of 715/16% p.c. As a consequence, the coupon pertoining to this interest period will be US\$ 20,284.72

Listed on the Luxembourg Stock Exchange

The Mitsul Bank, Limited Brussels Branch Fiscal Agent

Clubs

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EYE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and too musiclens, glamprous hostesses, exciting floorshows, 189, Repent Sc., W1. 01-734 0557.

COLNAGHI, 14. Old Bond St. WI. DI-491 7408. ENGLISH DRAWINGS AND WATERCOLDURS. Until 13 June. Mon.-Fri. 10-6: Sett. 10-1. Fr-HARD GREEN. 44, Dover Street. V:. 01-493 J. V. Lillerin British PAINTINGS MON.-Fri. 10-6: Sets. 10-12

MARINE AND GENERAL MUTUAL LIFE ASSURANCE SOCIETY NOTICE IS HEREBY GIVEN to the Members that the 135th Annual General Meeting of the Society will be held at MGM House, Henry Road, WOTHING, West Strates on Wednesday 24 June at 1230 p.m. for the tollowing ourposes:

1 To receive the Directors' Report and Financial Subtreens for the year ended 31 December 1985.

2 To Consider the election of directors, directors, and consider the clerking of the consider of the clerking of the consider of the clerking of the consider the clerking of the clerking of the clerking of the consider the clerking of the clerkin To consider the stenders directors.
To appoint Peat Marwing McLintock as auditors of the Society and to authorise the directors to fax their regularization. I Any other business, by Order of the Board
J. SUTTON, Secretary 15 April 1987
Each member may attend and worse in person or by provy at meetings of the Society. A prays need por be a member of the Society.

ANNUAL GENERAL MEETING Notice is hereby given that the Fouring Annual General Medium of Standard Chartered Dethore Medium of Standard Chartered House, Conway Street, St. Holler, Jerser, Channel Islands, on Friday, 19th June 1957 at 12.00 noon.

By Order of the Soard Standars Chartered Fund Managera (C.1.) Limited Managera (C.1.) Limited

EAST RAND GOLD AND
URANIUM COMPANY LIMITED
(Registration No. 7)(07001:06)
Uncorporated in the Republic
of South Africa)

CLOSING OF SHARE REGISTERS
NOTICE IS HERREY GIVEN that, for the
purpose of the general meeting of menbers, convened for Thursday, June 11
1987, the transfer registers and registers
of members of the company will be closed
from Sathraday, June 6 to Thursday, June
11
1987, both garry incluses.
ANGLO AMERICAN CORPORATION
OF SOUTH AFRICA LIMITEL
SECTEDATES per: H. E. Phillip Divisional Secretary

Registered Officer 44 Main Street Johannesourg 2001 May 22, 1987

WESTERN DEEP LEVELS,
LIMITED
GREGIShared No. 57,022491050
GREGIShared No. 67,022491050
GREGISHARED A the Resultable
of South Aircast
Clossing Of REGISTERS
NOTICE IS HEREBY GIVER (But, for the
purpose of the general meetings of mempara and of option holders convened for
flursday. June 11 1987, the transfer
registers and registers of members and
solon holders will be closed from Saturday. June 6 to Thursday, June 11 1987,
both days inclusive. oth days inclusive.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

Registered Offices 44 Main Street Johannesburg 2001 May 22 1987. NOTICE TO BONDHOLDERS

CITY OF COPENHAGEN 8½% 1979/1991 BONDS 25,000,000 EUROPEAN UNITS OF ACCOUNT rsuant to the provisions of the richase Fund, notice is hereby given Bondholders that no Bonds have en purchased for the Purchase Fund fing the twelve-month period from by 15, 1985 to May 14, 1987, Amount outstanding: UA 18,578,000.

The Fiscal Agent KREDIETBANK S.A. Luxembourgeoise May 22, 1987.

U5\$330,000,000 2nd Series Floating Euro-dollar Repackaged Assets of the Republic of Italy due 1993 F.E.R.A.R.I. II

F.E.R.A.K.I. If
For the 3 months period May 22,
1987 to August 24, 1987 the Notes
will carry an interest rate of 71s, 16
per annum with an interest amount
of US\$2.072.57 per US\$100,000 Note.
The relevant interest payment date
will be August 24, 1987.

BANOUE PARIBAS
(LUXEMBONG) CAL
Agent Bank Agent Bank

APPOINTMENTS

Joining Unilever board

Mr K. H. Veldhuis, a director years he has been with the of UNILEVER N.V. and UNI- Chase Manhattan Bank N.A. as LEVER PLC, has retired. Mr N. W. A. FitzGerald and Mr J. Peelen have been elected directors of both companies.

We have been director of consumer marketing for the UK and Europe responsible for developing the bank's consumer husiness.

ATLANTIC COMPUTERS has

made four appointments to its main board following the merger main board following the merger with Comcap. The executive appointments, effective from May 22, are as follows: Mr Nick Kennedy Scott, becomes group finance director of Atlantic. He was joint managing director of for Atlantic's financial and property services division. He was joint managing director of Comcap. Mr George Muller and Lord Seisdon become non-executive directors, having been in similar positions on the Comcap board.

Mr Barrie Pipkin has been appointed marketing director of COUNTRY CLUB HOTELS, a subsidiary of Whitbread. He was ales and marketing manager.

Mr N. K. Rice has been ap-pointed chairman of DEVITT (ENERGY) part of the Devitt Group.

Mr Roger Smith is to succeed Mr James Longeroft as chairman of TRIMOCO and Mr Eppo Koopmans will resign from the board following the annual meeting.

Mr Eric Nutter has been appointed group managing direc-tor of CLAYTON DEWANDRE HOLDINGS manufacturer of air raking systems and other autonotive components. He was firector and general manager of Hailwood & Ackroyd, one of Clayton Dewandre's four UK manufacturing units. Clayton Dewandre Holdings is a member of the WABCO Automotive Products Group of American Standard Inc. Standard Inc.

At the annual meeting of THE TEXTILE INSTITUTE Mr Paul Wlerks, senior vice president of WERNER INTERNATIONAL, was installed as president of the Institute for 1987 to 1989. Professor John Hearle and Mr Yoshitoshi Toyoda, were elected vice presidents for 1987 to 1990.

2,61I -188

8,639 +289

and Europe responsible for developing the bank's consumer business

Mr John F. K. Hinde has been appointed legal co-ordinator for the principal service companies of the ROYAL DUTCH/SHELL GROUP from October L. TOWNSEND THORESEN, part SPARTEX has appointed Mr
Brian D. Johnson as chairman.
Other appointments include Mr
Robert Dearsley as marketing
director, Mr Deminic Flint as
products director. Mr Leonard
Palmer as software support
director and Mr Toby Everett as
company secretary. SPARTEX has appointed Mr
Brian D. Johnson as chairman.
Other appointments include Mr
Robert Dearsiey as marketing director, Mr Daninic Fiint as products director, Mr Leonard products director, Mr Leonard products director, Mr Leonard products director, Mr Leonard products as well as Dover he will have overall responsibility for fieet procedures as well as Dover hammer as software support director and Mr Toby Everett as company secretary.

At STONELEIGH ELECTRONICS, Romford, Mr David Berg has been promoted to director in addition to general manager.

**

SUN LIFE ASSURANCE Duniop concerning the imple-

SUN LIFE ASSURANCE Dunion concerning the implementation of his recommendations are retired. The vice chairman, Sir Arthur Norman, has also Mr Edmand Langley as chief

Mr Peter Larder has been appointed marketing director of ATHENA INTERNATIONAL, a wholly-owned subsidiary of Pentos. He was marketing manager of Duracell UK.

Mr Peter Nutting, Mr Michael Davies, Mr Iain Shearer and Mr Dennis Ball have been elected directors and Mr A. T. Brain and Mr K. J. Richards have retired as directors of JAMES WILKES. Mr Nutting has been elected chairman. He is a former merchant banker and chairman of Travel & General Insurance Company.

RICARDO CONSULTING ENGINEERS, Shoreham by Sea, has apointed Dr Douglas Taylor as chairman and Mr John Bailey as director, client services and business development. The former chairman. Sir Diarmid vice president and head of Downs, retired on April 30, Dr Taylor will combine his new responsible for structured and post with his former responsible for structured and post with his former responsibilities as managing director, lending, and corporate advisory Mr Balley will also assume Dr Taylor's former responsibility for of Banker Trust's UK corporate finance group.

Thoresen operations and safety posts

Mr Edmund Langier as chief executive officer of its American holding company McCorquodale Holdings Inc. which is based in Baltimore. He joins from Data-trol Corporation, where he was president

Mr Paul W. "Buddy" Meek, managing director of NORTH SEA SUN OIL COMPANY has retired. He will be replaced by Mr Anthony J. Higginson, who

of the P and O Group, has appointed Mr Lealle Stephenson

has served as legal advisor for North Sea Sun since 1984.

The BUILDING EMPLOYERS CONFEDERATION has elected Mr John Parsons as president for 1987/88. He is the group chairman of William Cowlin & Son, Bristol.

Taylor's former responsibility for appointed managing director of consulting activities. He was previously responsible for the curopean antomotive consulting activities. He was previously responsible for the curopean antomotive consulting activities. He was previously responsible for the curopean antomotive consulting activities. He was previously responsible for the curopean antomotive consulting activities. He was previously responsible for the curopean antomotive consulting activities. He was previously responsible for the curopean antomotive consulting activities. He was previously responsible for the continual companies at SRI International companies at SRI International companies as a sales and market for the curopean antomotive consulting activities. He was previously responsible for the continual companies at SRI International companies at SRI International companies are provided for the companies at SRI International companies are provided for the companies at SRI International companies are provided for the companies at SRI International companies are provided for the companies at SRI International companies are provided for the companies at SRI International companies are provided for the companies at SRI International companies are provided for the companies at SRI International companies are provided for the companies at SRI International companies are provided for the companies at SRI International appointed for the Company of Company o

Townsend

TOTAL ASSETS

USD 26 BILLION

THE THIRD LARGEST BANK GROUP IN THE NORDIC COUNTRIES

Office address: Brunkebergslorg 8. Postal address: S-105 34 Stockholm Phone: 46.8-22 23 20.



Dresdner Finance B.V.

DM 500,000,000.-Floating Rate Notes 1985/1990

Franklurf am Meite, in May 1982

August 20, 1987, the relevant Interest Payment Date, internet per Note of D44 10,000 principles acrount in the amount of DM 97,43 and interest per Note of DM 250,000 in the amount of DM 2450,75 to day. Dresdner Bank

Principal Paying Agent.

esdner Bank Group.

London & Scottish banks' balances

as at April 30 1987

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. They are prepared by the committee of London and Scottish bankers and cover the business of their offices and their subsidiaries which are listed by the Bank of England as falling within the monetary sector.

Table 1.		_	_	1				Total	T	Chan	ge oir
AGGREGATE BALANCES	Total detetand		Change on month	1				outstand	ling		o Ch
LIABILITIES	£m	£mr.	£m £m	1 -	scal author	#ilos		^도 라 1.217	£m.	_ 61	<u>€m</u>
Sterling deposits:				ő	ther	11100		5,955		- 61 + 118	
UK monetary sector	28,157 110 cos		412						44,98I		678
UK public sector	2 51£	+	1,160 7	BIII	8: 	•_		4	-		_
Overseas residents	15.315.		66	1 7	reasury bill ther bills	18 <u>-</u>		40# 4.257		÷ 63	
Certificates of deposit	9,290		428	"	MCI AINS "		-	1,637	4.652	+ 500	+ 718
of which: Sight		166,952 - 72,261	—— + 26		estments:				3,442		
Time (inc. CDs)		94.690	-1,46 +1,72		ritish Gove	rament sto	C#3	6,291		- 229	
Foreign currency deposits:				.] u	ther			5,277	11.588	- 29	24E
IIK monetary sector	17,643	_	2,118	Adv	ances:				Thirt		
Other UK residents	7,913	-	149	U	K private se	ector	1	99,510		+ 844	-
Certificates of deposit	43,295	_	815 94	l M	K public se verseas res	ctor		416		+ 81	
Contracted at achaott and annual	3,300	73,590 -	3,17	, J	verseas res	10£1113		1	116 966	+ 893	
				- J Oth	er sterling :	asseta*	·		17,868		-1,7 4 Z
Total deposits Notes in circulation	1	240,542	-2,91		en currenci	es					
Other liabilities		986 42,883	+ 3(-1,37		ket loans:	_		_			
			-1,01		K monetary	sector		17,169		-1,355	
TOTAL LIABILITIES		284,41 <u>1</u>	-4,26	្រ ដ	ertificates o	if deposit		464 33,767		- 2 -1.538	
A DE DING				-					51,391	-1,796	
ASSETS Sterling					5				419		+ 74
Cash and balances with Bank of					ances:			A 44**			_
England:				1 6	K private se K nublic se	ctor		9,805 768		- 134 - 29	
Cash ratio deposits	328		35	Ŏ	K public se verseas resi	dents		15.815		- 728	
Other balances	2,241		218 —— - 184	. 1					25,580		- 392
		-1.45			er fereign	CHITCHEY	States.		9,779	•	+ 193
Market loans:				1	TOTAL	SEETS		2	284,411		-4,263
Discount houses Other UK monetary sector	4,916 28,723	· <u>+</u>	53 3 841	1.					<u> </u>		
UK monetary sector CDs		_	427	Accep	tances le liabilitie			_	5,315		+ 222
-	-,			suspense	and in tra	nsit.			(25,712		+2,058
			les items in	suspense	and in tra	nsit.			Z3,71Z		+2,058
TABLE 2. INDIVIDUAL GROUP BAI		* Includ	les items in	suspense	and in tra	nsit.					+2,058
		* Includ	les items in :	Suspense Earclays	and in tra	nsit.	National	Boyal 1	Bik. Star	odard rteredi.	
IJA RII PTIES OIPPOTA NINNO	LANCES	* Includ	Bank of Scotland	Suspense Sarelays 2m	and in tra	nsit. Eldjand	National Waternstr	Royal) . of Sea	Elk. Star ek. Clara	tered.	+2,056 TSE: £m
LIABILITIES OUTSTANDING	LANCES	* Include CLSB groups fm	Bank of Scotland	Estelays 2m 36,841	Lloyes fra 26,567	Midland Em 26,509	National Waternate 2m 45,946	Reyal 1 of Sea 2m 2,88	Bik. Star ok. Class E	rtered In 1883	TSB: - £m 11,161
LIABILITIES OUTSTANDING Sterling deposits Change on month	LANCES	* Include CLSS groups £m 166,952 +261	Bank of Scotland.	Barelays 2m 36,841 -183	Lioyds fin 26,567 +962	Midland 2m 26,509 -224	National Waternstr 2m 45,946 +6	Royal 1 of Sea 2m 9,86 -24	Bk. Star Class 8 3 8 -	riered. 20 593 114	TSE: £m 11,161 +218
LIABILITIES OUTSTANDING Sterling deposits Change on month	LANCES	* Include CLSS groups £m 166,952 +261	Bank of Scotland.	Estelays 2m 36,841	Lloyes fra 26,567	Midland Em 26,509	National Waternstr. 2m 45,946 +6 21,632	Reyal 1 of Sea 2m 9,86 -24 3,89	Sk. Star Sk. Clan S 3, S -	tered 20 ,693 -114 ,515	TSE: 5m 11,161 +218 134
LIABILITIES OUTSTANDING Sterling deposits Change on month Foreign currency deposits Change on month	LANCES	* Include	Bank of Scotland 2m 6,366 -86 1,682 -45	Barelays 2m 36,841 -193 14,506 -295	Lloyds Em 26,567 +962 8,361	Midland 2m 26,589 -224 15,960	National Watmustr. 2m 45,946 +6 21,632 -1,433	Royal 1 of Ser 2m 3,88 -24 3,89 +4	Sk. Star Sk. Class S S S	tered. 20 ,693 114 ,515 576	TSE Em 11,161 +218 134 -20
LIABILITIES OUTSTANDING Sterling deposits Change on month	LANCES	* Include	Bank of Scotland 2m 6,366 -86 1,682 -45	Eurelays 2m 39,841 -193 14,505	Lloyds Em 26,567 +962 8,961 -338	Midland 2m 26,509 -224 15,960 -512	National Waternstr. 2m 45,946 +6 21,632	Reyal 1 of Sea 2m 9,86 -24 3,89	Ek. Star K. Ckar 8 3, 8 - 9 8, 2 - 7 12,	rered. 20 693 114 515 576	TSE: 5m 11,161 +218 134
LIABILITIES OUTSTANDING Sterling deposits Change on month Foreign currency deposits Change on month Total deposits Change on month	LANCES	* Include	Bank of Scotland 2m 6,366 -86 1,682 -45	Barelays 2m 36,841 -193 14,596 -295 51,347	110yds fm 26,567 +962 8,961 -338 25,528	Midfand 2m 26 26 26 26 26 26 26 27 28 28 28 28 28 28 28 28 28 28 28 28 28	National Waternstr 2m 45,946 +6 21,632 -1,423 67,579	Reyal 1 of Sea 2m 9,88 -24 3,89 +4	Ek. Star K. Ckar 8 3, 8 - 9 8, 2 - 7 12,	rtered. 20 303 -114 315 -578 -608	758: 5m 11,161 +218: 134: -20:
LIABILITIES OUTSTANDING Sterling deposits Change on month Foreign currency deposits Change on month Total deposits Change on month STERLING ASSETS OUTSTANDING Cash and balances with the Bank	LANCES	* Include CLES greets fm 166,952 +261 -2,177 -240,542 -2,7916	Emiles in : Emiles in : Emiles of Sectional 2m 6,396 - 36 1,082 - 45 7,448 - 131 348	Bareleys 2m 36,841 -193 14,596 -295 51,347 -488	Iloyds 20,567 +962 8,961 -338 35,528 +564	Midfand 2m 26 26 26 26 26 26 26 27 28 28 28 28 28 28 28 28 28 28 28 28 28	National Waternstr 2m 45,946 +6 21,632 -1,423 67,579	Reyal 1 of Sea 2m 9,88 -24 3,89 +4	Bl. Star Class 8 3 8 - 9 8 2 - 7 12	rtered. 20 303 -114 315 -578 -608	TSB: £m 11,161 +218 134 -26 11,285 +197
LIABILITIES OUTSTANDING Sterling deposits Change on month Foreign currency deposits Change on month Total deposits Change on month STERLING ASSETS OUTSTANDING Cash and balances with the Bank Change on month	LANCES	* Include CLES greets fm 164,952 +261 -3,177 249,542 -2,916 ad 2,783 -184	Empk of Scotland 2m 6,306 - 86 1,082 - 45 7,448 - 131 348 + 12	Bareleys 2m 36,841 -193 14,596 -285 51,547 -488	110yds £m 26,567 +962 8,961 -338 35,528 +564	Midland 2m 26,569 -224 15,669 -512 41,569 -735.	National Watmastr 2m 45,946 +6 21,632 -1,433 67,539 -1,427	Royal 1 of Sea 2,86 -24 3,89 +4 13,76 -29	5k. Star 5k. Char 5 8 3 8 - 9 8 7 12 6 -	tered. 20 693 114 315 578 608	758: 5m 11,161 +218: 134: -20:
LIABILITIES OUTSTANDING Sterling deposits Change on month Foreign currency deposits Change on month Total deposits Change on month STERLING ASSETS OUTSTANDING Cash and balances with the Bank Change on month Market leans—UK monetary sector.	LANCES	* Include CLES greets 2m 166,952 +261 -3,177 240,542 -2,916 and 2,785 -184 33,638	Explosion in : Explosion in :	Barelsys 2m 36,841 -193 14,595 -295 51,347 -488 460 -72 6,457	110yds fan 26,567 +962 8,961 -338 35,528 +564 225 -23 4,323	IIIII. IIIdiand 2m 26,509 -224 15,660 -512 41,569 -735 474 -6 4,684	National Watumate 45,946 +6 21,632 -1,433 67,579 -1,427 584 6	Royal 1 of Sea 2m 3,89 +4 13,76 -29 42 -13	Siz Clam S	744 7578 7578 7578 7578 7578 7578 7578 7	TSE: fm 11,161 +218 134 -26 11,295 +197
LIABILITIES OUTSTANDING Sterling deposits Change on month Foreign currency deposits Change on month Total deposits Change on month STERLING ASSETS OUTSTANDING Cash and balances with the Bank Change on month Market leans—UK monetary sector. Change on month	LANCES	* Included	Early of Scotland 2n 6,306 -36 1,882 -45 -7,448 -131 348 +12 827 -191	Barelsys 2m 36,841 -193 14,595 -295 51,347 -488 460 -72 6,457 +132	110769 28,567 +962 8,961 -338 35,528 +564 225 -28 4,322 +232	Midland 2m 26,509 -224 15,669 -512 41,569 -735 474 -6 4,684 +35	National Watmustr. 23,946 +6 21,632 -1,433 67,579 -1,427 584 0 13,601 -361	Reyni I of Sea 2.86 -24 3.89 +4 13.76 -29 42 -12 1,50 -15	8k Size Change S	74 75 76 76 77 77 76 76 76 76 76 76	TSE: £m: 11,161 +218 134 -20 11,295 +197
LIABILITIES OUTSTANDING Sterling deposits Change on month Foreign currency deposits Change on month Total deposits Change on month STERLING ASSETS OUTSTANDING Cash and balances with the Bank Change on month Market leans—UK monetary sector. Change on month	LANCES of Engla	* Included	Earth of Scotland 2n	Barelays 2m 36,841 -193 14,507 -295 51,347 -488 460 -72 6,457 +132 2,603	Lloyds 28,567 + 962 8,961 - 338 4554 225 - 23 4,223 + 222 1,584	Midland 2m 26,509 -224 15,669 -735 41,569 -735 474 -6 4,884 +35 1,307	National Waternal Waternasi: 2m 45,946 +6 21,632 -1,433 67,539 -1,427 584 0 13,991 -361 2,916	Reyni I of Sea 2m 9,866 -244 3,89 +44 13,766 -29 42 -13 1,59 -15 49	Sk. Start Chart Sk. Chart Sk. Start Sk. Start Sk.	75 (693 114 57% 698 699 74 12 991 +18 531	788: 5m 11,161 +218 124 -20 11,285 +197 198 +38 1,937 +16 1,744
LIABILITIES OUTSTANDING Sterling deposits Change on month Foreign currency deposits Change on month Total deposits Change on month STEELING ASSETS OUTSTANDING Cash and balances with the Bank Change on month Market leans—UK monetary sector. Change on month Other Change on month	LANCES of Engla	* Include	Bank of Scotland 2m 5.308 86 1.832 -45 7.448 131 348 +.12 827 161 171 +57	Barelays 2m 36,841 -193 14,507 -295 51,347 -488 469 -72 6,457 +132 2,603 +42	Lloyds fin tra 28,567 +962 8,961 -338 35,528 +564 225 -23 4,223 +232 1,584 -118	Midland 2m 26,509 -224 15,609 -512 41,569 -723 474 -6 4,884 +35 1,397 +142	National Watmastr 21,632 -1,433 67,579 -1,427 584 6 13,991 -361 2,916 -435	Reyal 1 of Sea 2m 3,856 -244 3,89 +14 12,766 -29 42 -13 1,50 -15 49 +1	Str. Str. Chr. 2 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8	76076 7607 7607 7607 7608	785: 5m 11,161 +218 134 -26 11,285 +197 195 +34 1,937 +16 1,746 -32
LIABILITIES OUTSTANDING Sterling deposits Change on month Foreign currency deposits Change on month Total deposits Change on month STEELING ASSETS OUTSTANDING Cash and balances with the Bank Change on month Market leans—UK monetary sector. Change on month Other Change on month	LANCES of Engla	* Include	Es items in : Ennk of Scotland 2n 2.0 2.0 2.0 2.0 2.1032 -45 2.131 2.	Barelays 2m 39,841 -193 14,596 -225 51,347 -488 469 -72 6,457 +132 2,842 1,213	11cyds 28,567 +962 8,567 +962 -238 25,528 +564 225 -28 4,322 +232 1,584 -118 1,364	IIIII. IIIdland 2m 26,569 -224 15,669 -512 41,569 -735 474 -6 4,884 +35 1,307 +142 125	National Watmustr. 45,946 +6 21,632 -1,423 67,579 -1,427 584 0 13,991 -361 2,916 -435 952	Royal 1 of Sea 2.86 -24 3.89 +4 13.76 -29 1.50 -15 42 41 33	8	7412 7414 7575 7698	7505 5m 11,1617 +218 124,-26 11,265 +197 +18 1,937 +16 1,946 -32 436
LIABILITIES OUTSTANDING Sterling deposits Change on month Foreign currency deposits Change on month Total deposits Change on month STERLING ASSETS OUTSTANDING Cash and balances with the Bank Change on month Market leans—UK monetary sector Change on month Other Change on month Bills Change on month	LANCES ef Engla	* Include CLES greens for 166,952	Employ of Scotland 2m 6,306 - 86 1,632 - 45 7,448 - 131 348 + 12 827 - 191 171 + 57 189 + 76	Barelays 2m, 39,841 -183 14,596 -285 51,347 -486 -72 6,457 +132 2,842 1,213 -82	11cyds fas 26,567 +962 8,567 +962 -238 +564 -225 -28 4,323 +232 1,584 -118 1,264 +464	Insit. Endland 2m 26,509 -224 15,660 -512 41,569 -735 474 -6 4,684 +35 1,307 +142 125 +11	National Watmustr. 20,946 +6 21,632 -1,433 67,579 -1,427 584 6 13,991 - 361 2,916 -435 952 +155	Reyni 1 of Sec 2m 9,866 -244 3,899 +44 13,766 -29 428 -13 1,566 -15 429 +11 322 +5	Sin	74 - 114 - 1	7585 5m 11,1612 +213 1344 -26 11,295 +157 +16 1,937 +16 1,744 -32 456 +41
LIABILITIES OUTSTANDING Sterling deposits Change on month Foreign currency deposits Change on month Total deposits Change on month STERLING ASSETS OUTSTANDING Cash and balances with the Bank Change on month Market leans—UK monetary sector. Change on month Other Change on month Bills Change on month Bills Change on month	LANCES of Engla	* Included	Early of Scotland Early of Scot	Barelays 2m 36,841 -193 14,595 -295 51,347 -488 460 -72 6,457 +132 2,803 +42 1,213 -32 863	110ydr fnt 26,567 +962 8,567 -338 -338 +564 225 -23 4,223 +232 1,584 -118 1,264 +464 551	Midland 2m 26,509 -224 15,600 -512 41,569 -735 474 -6 4,684 +35 1,307 +142 125 +111	National Waternal 45,946 +6 21,627 -1,427 -1,427 584 6 13,661 - 361 2,916 -435 952 +155	Reyni I of Sea 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	Sin	reared. 201 202 203 204 205 205 205 205 205 205 205 205 205 205	7585 5m 11,167 +218 124 -25 11,285 +197 1985 +35 +18 1,746 -32 435 +41 2,126
LIABILITIES OUTSTANDING Sterling deposits Change on month Foreign currency deposits Change on month Total deposits Change on month STERLING ASSETS OUTSTANDING Cash and balances with the Bank Change on month Market leans—UK monetary sector. Change on month Other Change on month Bills Change on month Bills Change on month British Government stocks Change on month	LANCES of Engla	* Included	Early of Scotland 2n 6,306 -36 1,882 -45 7,448 -131 348 +12 827 -191 171 +57 189 +76 169 -112	Barelays 2m 36,841 -193 14,595 1-295 51,547 -488 460 -72 6,457 +132 2,803 +42 1,213 -883 -158	110yds 20,567 +962 8,961 -338 35,528 +564 225 -28 4,322 1,584 -118 1,364 +464 +551 -59	Midland 2m 26,509 - 224 15,669 - 735 41,569 - 735 1,397 + 142 125 + 11 1,411 + 31	National Waternal Waternaste 2n 45,946 +6 21,622 -1,433 67,579 -1,427 584 6 13,981 -361 2,916 -435 952 +155 778 -31	Reyni I of Sea 2 2 2 2 2 3 8 8 9 + 4 4 13,76 - 2 9 + 1 1 1,50 + 1 1 3 2 3 2 2 2 2 2 1 1 2 2 2 2 2 2 2 2	Bk. Simble Character & St. Cha	reared 200 200 200 200 200 200 200 200 200 20	7585 £m 11,161 +218 124 -26 11,285 +197 166 +38 1,937 +16 1,746 -32 426 +41 2,1245 +85
LIABILITIES OUTSTANDING Sterling deposits Change on month Foreign currency deposits Change on month Total deposits Change on month STERLING ASSETS OUTSTANDING Cash and balances with the Bank Change on month Market leans—UK monetary sector. Change on month Other Change on month Bills Change on month British Government stocks Change on month	LANCES of Engla	* Include CLES greeps 2m	Bank of Scotland 2n	Barelays 2m 36,841 -193 14,596 -295 51,547 -488 469 -75 6,457 +132 2,803 +42 1,213 -82 1,213 -82 883 -158	1Loyds 28,567 + 962 8,961 - 338 45,528 + 564 225 - 28 1,584 - 118 1,264 1 464 531 - 59 18,732	Midsad 2m 26,509 -224 15,669 -735 41,569 -735 4884 +35 1,307 +142 125 +11 1,411 +31	National Waternstr 2n 45,946 +6 21,632 -1,433 67,579 -1,427 584 9 13,991 -361 2,916 -435 952 +155 728 -31 29,342	Reyal 1 of Sea 2	Sk. Skir. Sk	rearred. 201 202 203 204 205 205 205 205 205 205 205 205 205 205	7555 5m 11,161 +218 124 -25 11,255 +197 1,955 +197 1,744 -2,126 +41 2,126 +559
LIABILITIES OUTSTANDING Sterling deposits Change on month Foreign currency deposits Change on month Total deposits Change on month STERLING ASSETS OUTSTANDING Cash and balances with the Bank Change on month Market leans—UK monetary sector. Change on month Other Change on month Bills Change on month British Government stocks Change on month Advances Change on month	LANCES of Engla	* Include CLSS greaps 2m 166,932 +261 73,590 -3,177 249,543 31,639 -336 31,342 -276 4,639 +7181 6,281 -229 116,266 +1,818	Bank of Scotland 2n	Barelays 2m 36,841 -193 14,595 1-295 51,547 -488 460 -72 6,457 +132 2,803 +42 1,213 -883 -158	110yds 20,567 +962 8,961 -338 35,528 +564 225 -28 4,322 1,584 -118 1,364 +464 +551 -59	Midland 2m 26,509 - 224 15,669 - 735 41,569 - 735 1,397 + 142 125 + 11 1,411 + 31	National Waternal Waternaste 2n 45,946 +6 21,622 -1,433 67,579 -1,427 584 6 13,981 -361 2,916 -435 952 +155 778 -31	Reyni I of Sea 2 2 2 2 2 3 8 8 9 + 4 4 13,76 - 2 9 + 1 1 1,50 + 1 1 3 2 3 2 2 2 2 2 1 1 2 2 2 2 2 2 2 2	Sk. Skir. Sk	reared 200 200 200 200 200 200 200 200 200 20	7585 £m 11,161 +218 124 -26 11,285 +197 166 +38 1,937 +16 1,746 -32 426 +41 2,1245 +85
LIABILITIES OUTSTANDING Sterling deposits Change on month Foreign currency deposits Change on month Total deposits Change on month STERLING ASSETS OUTSTANDING Cash and balances with the Bank Change on month Market leans—UK monetary sector. Change on month Other Change on month Bills Change on month British Government stocks Change on month Advances Change on month Advances Change on month	LANCES of Engla	* Included	Bank of Scotland 2n Scotland	Suspense 2m 39,841 -193 14,596 -295 51,347 -488 469 -72 6,457 +132 2,432 1,213 -32, 863 -158 28,847 +26	11 tra 11 tra 24,567 +962 8,961 -338 35,528 +564 225 -28 4,322 +232 1,364 +464 551 18,732 +628	IIIdland 2m 26,599 -224 15,999 -735 41,569 -735 4844 +357 +142 125 +11 1411 +31 19,659 +337	National Waternstr. 29.74	Reyal 1 of Sea 2 2 2 3,89 +44 13,766 -29 42 -13 1,59 +1 32 +5 23 1,777 +77	State Character State Character State Character State	rared 20	7555 5m 11,161 +218 124 -26 11,255 +197 1,255 +186 1,746 +41 2,126 +41 2,126 +186 5,650 +186
LIABILITIES OUTSTANDING Sterling deposits Change on month Foreign currency deposits Change on month Total deposits Change on month STERLING ASSETS OUTSTANDING Cash and balances with the Bank Change on month Market leans—UK monetary sector Change on month Other Change on month Bills Change on month British Government stocks Change on month Advances Change on month Advances Change on month FOREIGN CURRENCY ASSETS OUT	LANCES of Engla	* Include	Bank of Scotland Em 6,306 - 86 1,832 - 45 - 131 348 + 12 827 - 191 171 + 57 189 + 76 169 - 112 5,4473 + 138	Barelays 2m, 39,841 -183 14,596 -225 51,347 -486 -772 6,457 +152 2,842 1,213 -32 883 -158 26,847 +28	11cyds far 26,567 + 962 8,567 + 962 8,564 225 + 2564 225 + 2564 1,584 1,264 531 - 532 16,732 + 628 7,125	IIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIII	National Watmustr. 20,946 +632 -1,433 67,579 -1,427 584 0 13,901 - 361 2,916 - 435 932 +155 728 -31 29,342 +478,	Reyni 1 of Sec 2m 9,866 -244 13,766 -29 42 -13 1,569 -15 23 +5 23 25 7 1 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7	Sin Sin S	7814 5578 6600 7412 9016 5314 5 7815 7815 7815 7815 7815 7815 7815 78	755 5m 11,161 +213 12,161 +215 +151 1,255 +151 1,744 +41 2,124 +45 5,555 +166
LIABILITIES OUTSTANDING Sterling deposits Change on month Foreign currency deposits Change on month Total deposits Change on month STERLING ASSETS OUTSTANDING Cash and balances with the Bank Change on month Market leans—UK monetary sector. Change on month Other Change on month Bills Change on month British Government stocks Change on month Foreign Currency ASSETS OUT Market leans and bills Change on month	LANCES of Engla	* Include CLSB Steam 166,952 + 261 - 73,596 - 73,596 - 73,596 - 2,916 - 2,783 - 184 31,638 - 308 11,342 - 376 4,639 - 229 116,266 + 1,818 66 51,861 - 3,221 - 3,	Bunk of Scotland 2m 6,39886 1,932 - 45 7,448 - 131 348 + 12 827 - 191 171 + 57 189 + 76 169 - 112 5,4473 + 138 438 - 5	Suspense Barelsys 2m 39,841 -193 14,596 -225 51,347 -485 469 -72 6,457 +132 2,432 1,213 -32 863 -153 26,847 +26 10,684 -220	11cyds fm 26,567 +962 8,567 +962 -338 45,528 +564 225 -22 1,584 -118 1,264 551 -59 18,732 +628 7,125 -476	Itsil. Itsil.	National Waternals: 20 20 45,946 +632 -1,433 67,579 -1,427 584 9 13,991 - 361 2,916 -435 728 -31 29,342 +475, 17,314 -736	Reyni 1 of Sea 2 m 9,866 - 244 13,766 - 29 42 - 13 1,500 - 15 49 + 11 32 23 + 7,777 + 7,777 + 7,577 + 15.57 15 15 15 15 15 15 15 15 15 15 15 15 15	Sink Sink Sa	7812 901 61 9 781 781 643	755 2m 11,161 + 213 12,161 + 235 + 157 + 157 + 157 + 157 + 157 + 157 + 157 + 157 + 158 + 1
LIABILITIES OUTSTANDING Sterling deposits Change on month Foreign currency deposits Change on month Total deposits Change on month STERLING ASSETS OUTSTANDING Cash and balances with the Bank Change on month Market leans—UK monetary sector. Change on month Other Change on month Bills Change on month British Government stocks Change on month Advances Change on month FOREIGN CURRENCY ASSETS OUT Market loans and bills Change on month	LANCES of Engla	* Include	Early of Scotland San 6,306 -36 -36 -36 -36 -38 -38 -31 -31 -348 -131 -348 -131 -191 -171 -57 -189 -112 5,4473 +138 438 -5 804	Barelays 2m 36,841 -193 14,595 -295 51,347 -488 460 -72 6,457 +132 2,803 +42 1,213 -32 863 -158 26,847 +281	110ydr 26,567 +962 8,567 +962 8,567 -338 35,528 +564 225 -23 4,222 +232 1,584 -118 1,564 +454 551 -59 18,732 +628 7,135 -470 2,289	IIIII. IIIdiand 2m 20,509 -224 15,600 -512 41,569 -735 474 -6 4,684 +35 1,307 +142 125 +11 1,411 +31 19,659 +337 7,829 -1,282 6,791	National Waternal Wat	Reyni I of Sea 2 2 2 2 2 3 8 8 9 + 2 4 2 13,76 - 2 9 + 1 1 3 2 3 2 3 + 7,777 + 75 1,59 1,59 1,59 1,59 1,59 1,59 1,59 1,5	Sink Sink San	Tarred 120 120 120 120 120 120 120 120 120 120	7555 5m 11,1617 + 213 11,265 + 137 + 136 1,265 + 137 + 146 1,744 + 15 1,744 +
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Sevised interest rates from the Bristol & West.

The Society's rates for Mortgages and Share and Deposit Accounts are being amended.

The Society's standard rate for all new mortgage applications was reduced by 1.00% to

11.25% from 12th May 1987. The rate for existing borrowers will be reduced from 1st June 1987 and they will be individually notified.

Net Rate C.A.R.t Gross Equivalent of Interest C.A.R. No.1 Income 8.00% 8.30% 11.37% Special 3 Month 8.25% 8.25% 11.30% Bristoi Triple Bonus £10,000 or more 7.80% 7.80% 10.68% £5,000-£9,999 7.55% 7.55% 10.34% £500-£4,999 7.30% 7.30% 10.00% THE NET EXTES FOR BRISTOL TRIPLE BONUS INCOME ACCOUNTS WILL BE 0.25% CESS THAN THOSE FOR BRISTOL TRIPLE BONUS. Blue Card. £500 or more. 6.85% 6.97% 9.54% £1-£499 5.00% 5.06% 6,93% Shares (fully paid) 5.00% 5.06% 6.93% Snoopy Savings 5.25% 5.25% 7.19% Savings Shares 6.00% 6.00% 8.22% **Bristol Plus**

AYC's 11.00% gross The net rates of interest on all other existing accounts on which composite rate tax is paid. by the Society will be reduced by 1.00% from 1st June 1987. Limited company and other deposits subject to basic rate tax will also be reduced by 1.00%

10.00% gross

from 1st june 1987. Interest rates are subject to variation.

Overseas Investors Bond

Charitles

COMPOUNDED ANNUAL BATE, WHEN INTEREST IS ADDED TO ACCOUNT. "GROSS EQUIDALENT FOR INVESTORS MYING BASIC BATE INCOME TRUE.

6.75%

11.00% without deduction of U.K. tax

6.75%

9.25%



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eligible liabilities outstanding

Change on month

Financial Times Friday May 22 1987

mmins keeps - agoing. Cummins keeps Ezz going. Cummins keeps as going. Cumins keeps Mus going. Cummins keeps & going. Cummins keeps Cummins keeps Cummins keeps Cummins keeps 13-33

Every major British inclustry which relies on diesel power uses Cummins engines.

Over half of the British built heavy trucks currently being registered in the UK are Cummins powered.

Many buses and coaches now appearing on British roads have Cummins diesels in them.

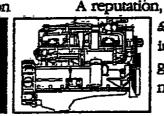
Virtually all major British manufacturers of construction equipment, cranes and generator sets offer

And there's an ever increasing presence of Cummins power in rail vehicles, marine

craft, agricultural machinery and military hardware.

Overall investment by Cummins UK in Britain now totals £135 million. But then ours is a product range worth investing in. In three major engine plants we're turning out diesel power units with a proven reputation for reliability and technological advancement.

A reputation, we might add, that earned no less than £155 million in export sales for Great Britain in 1986. No wonder Cummins keeps on going. The demand for Cummins power never stops.



CUMMINS KEEPS BRITAIN GOING.



Opera and Ballet

LONDON

Royal Opera, Covent Garden: Turan-dot, one of the house's most success-ful and enjoyable productions of recent years, continues in repertory, rith Eve Marton (May 22) and Gwyneth Jones (25) in the title role, and Jacques Delecote as conductor. Wer-ther, a pretty-pretty John Copley production of Massenet's opera, is vived to introduce Francisco Araiza and Agnes Baltsa to London in the leading roles. (2401066).

LONDON

Les Liaisons Dangereuses (Ambassa

dors): Christopher Hampton's mas-terly version of Lacios' epistolary novel remains in London with Jona-

than Hyde and Eleanor David replacing new toasts of Broadway Al-

an Rickman and Lindsay Duncan.

(836 5111 or 836 1171). oman in Mind (Vandeville): Pauline Collins and Michael Jayston now

lead a new cast in Alan Ayckhourn's bleakly ingenious comedy about a housewife fantasising the ideal family on the back lawn. (838 9387/5845). High Society (Victoria Palace): Dramaturgically sound but musically weak conflation of film, play and ascepted Cole Beach with the control with

sorted Cole Porter hits directed with punch but little taste by Richard

Eyre, director designate of the Na-tional Theatre. Stephen Rea notably charming in the Sinatra role, Natas-ha Richardson uncowed by Grace Kelly as the ice maiden who melts (894 1317/898 4795)

ntony and Cleopatra (Olivier): Peter Hall's best production for the Na-tional Theatre he leaves in 1988

brings this great but notoriously dif-

ficult play to thrilling life, with Judi Deach and Anthony Hopkins as battle scarred lovers on the brink of old

age. Dench is angry, witty and ulti-mately moving. Best of the rest at the NT is Michael Gambon giving

his finest ever performance as Ar-thur Miller's doomed longshoreman in A View from the Bridge, Juliet Stevenson in a fine revival of Lor-ca's Yerma; and David Hare's pro-

duction of King Lear, Hopkins, a

massive gnarled oak, which gathers

Theatre

Mtsensk, in a new production by David Pountney conducted by Mark Elder, adds another key Russian opera to the company's repertory.

Josephine Barstow, Jacque Trussel
and Willard White lead the large

Also in the scheduler Don Giovanni, led in lively fashion by William Shi-mell, Richard Van Allan, and Rita Cullis, and the Gerald-Scarfe designed Orpheus in the Underworld, more notable for elaborate, fantastic sets than for any very authentic sense of Offenbach wit or satire. (8363161).

Der Fliegende Holländer with Marek Janowski/Christopher Perick con-ducting the romantic parabole on the solitude of the artist in society. Paris Opera (4286 5022). pectacle Ecole de Danse presents The Two Pigeons followed by Suite

en blanc in hommage to Serge Lifar at the Opera Comique (4296 0611). Bellet Antonio Gades at the Palais Des Congres (4266 2075). Merce Cunningham Dance ferce Cunningham Dance Company with his radically modern concep-tions. Theatre de la Ville (4274 2277).

tion for the RSC. It plays in reper-toire with Jeremy Irons' inconclu-sively wimpish Richard II and a rough and tumble modern-dress Romeo and Juliet. Best in the RSC's

Barbican Pit is Janet McTeer lead

ing a fine ensemble in Worlds Apart

The Phantom of the Opera (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew

Lloyd Webber emphasising the ro-

mance in Leroux's 1911 novel. Hap-

pens in a wonderful Paris Opera ambience designed by Maria Bjorn-

son. Hal Prince's alert, affectionate

production contains a superb cen-tral performance by Michael Craw-

ford. A new, meritorious and pal-

Woman in Mind (Vaudeville): Alan

Noman in Mind (Vaudeville): Alan Ayckbourn's new comedy has a brilliant performance by Julia McKenzie as a dissatisfied housewife visited on her own garden lawn by an imaginary ideal family. Bleak but funny, hailed in some quarters as vanguard feminist drama; he not with the transport of the state of th

put off by that, (836 9987/5645).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskat-

ing folly has 10 minutes of Spielber

movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Dis-

neyland, Star Wars and Cats are all

influences. Pastiche score nods to-

wards rock, country and hot gospel. No child is known to have asked for

his money back. (834 8184). 42nd Street (Drury Lane): No British

equivalent has been found for New York's Jerry Orbach, but David Mer-

rick's tap-dancing extravaganza has

BRUSSELS

been rapturously (838 8108).

379 6131/240 7200).

(839 2244,

English National Opera, Colliscom: Enridice - a musical table - is co-pro-Shostakovich's Lady Macbeth of duced by Radio France, Montpellier Opera and TMP Châtélét at TMP Madrid Poccini's Il Trittico with Vlad Chêlét at TMP-Châtélét (4233 4444).

Amsterdam, Muziektheater. The Netherlands Opera with Puccini's Mad-ame Butterfly directed by Monique Wagemakers and designed by Her-mann Soherr. The Netherlands Philharmonic conducted by Lucas Vis, with Hiroko Nishida (Cho-Cho-San), Franco Farina (Pinkerton), Judith Christin (Strzuki), and Malcolm Donelly (Sharpless). (Thur). (255455). The Nether

the Netherlands Opera touring com-pany with the Barber of Seville di-rected and designed by Dario Fo, the Netherlands Philharmonic conducted by Stephen Barlow. Kathryn Cowdrick (Rosina), Yoshihise Yamaii (Almaviva), and David Malis (Fi-

in (Amariva), and bave mails (Figaro). Tue in Tilburg, Schouwburg (432220). icheveningen, Circus Theatre. The Nederlands Dance Theatre, with the Netherlands Bellet Orchestra under Daniel Brasilia. ballets by Jonathan Taylor, Nacho Duato (to Ravel's Bolero) and Syna-phei (Duato/Xenakis, Vangelis) phei (Duato/Xe (Thur). (558800).

imir Atlantov, Juan Pons, Diana So viero, Iolanta Radek. An own pro-duction, first time in Madrid. Teatro la Zarzuela. Jovelianos 4, (Wed).

American Ballet Theatre (Metropoli tan Opera House): Cynthia Gregory, Marianna Tcherkassky and artistic director Mikhail Baryshnikov redirector makhaii Baryannicov re-turn for the spring season of mixed programmes, including company premieres of Sunset choreographed by Paul Taylor to Elgar and Enough Said. Clark Tippet's choreography to George Perie's music. Lincoln Center. Ends June 12, (362 9000). New York City Ballet (New York State Theater): More than 40 works by Balanchine, Robbins, Peter Martins and other choreographers will be part of the two-month-long 86th sea-

coln Center (780 5570).

Australian Ballet Company, Don Quix-ote. (Tokyo Bunka Kaikan (Tues, Wed). (573 2588).

Ends May 20.
Pump Boys and Dinettes (Apollo Center): Facetious look at country music

ter): Facetious look at country music and down-home country life with a good beat and some memorable

ongs, especially one played on kit-

chen utensils has proved wo rable Chicago hit. (935 6100).

Opera Comique (Eisenhower): Anne Jackson and Eli Wallach star in Nagle Jackson's new comedy. Ends

June 6. Kennedy Center (254 3670).

Kabuki (Kabuki-za): The dance sec-tion of the matinee is the best bet for newcomers. Famous actor Balko

mes the charming wisteria maid

en and Kanzaburo an old Buddhist

en, and Kanzanuro an one recomma-priest begging for alms. The high-light of the evening performance is Funa Benkei, symbol of loyalty to the Japanese. A lively and typical

the water-borne ghost and General Yoshitsune's followers. English pro-gramme and excellent earphone

Kabuki (Shimbashi Embujo): Enno-

suke stars in his own version of Yoshitsune Senbon Zakura (a more

sion of the play at Kabuki-za) Emo-suke's productions are the most spectacular in the form today, espe-

cially his quick-changes and trapeze acts. His ghost and fox roles are great fun. For first-timers to Kabuki this is a must (541 2211).

Chinese Opera: Chuan Troupe from Sichuan Province. The White Snake

spent a thousand years in religious

their adventures when one embarks

mentary. (541 3131).

son, including two new works by Martins set to music by Handel and Michael Torke. Ends June 28. Lin-

tion with sets by Advisance Lobel.

Fences (46th Street): August Wilson hit a home-run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve lot but dogged by his own failings. (221–121).

All My Songs (John Golden): Richard Kiley has the gratifying part of Joe Keller in Arthur Miller's post-war moral tale of profits versus principle in a nicely dated production from the Long Wharf Theatre. (239 6200).

Cats (Winter Garden): Still a sellout, Trevor Num's production of T.S. Elliot's children's poetry set to trendy

liot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262). 42nd Street (Majestic): An immodest

has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in

received.

American National Theatre Ajax by imerican Nanosai Ineare Ajaz ny Sophocles (in English) staged by Pe-ter Sellars and designed by George Tsypin. Théâtre Royale de la Mon-naie (218 1211).

NEW YORK

celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropri-ately breath and leggy hoofing by a large chorus line (977 9020).

A Chorus Line (Shubert): The longest-runging musical ever in America

which the songs are used as auditions rather than emotions.

Victorian Jubilee Music Hall (in English). Théâtre du Residence Palace (762 0251).

Tempest (Goodman): Company artistic director Robert Falls directs Denis Aradt as Prospero in a new produc-

Exhibitions

HOGHOL

The Tate Gallery. Turner in the new Clore Gallery: The Turner Bequest, which amounts to nearly 300 oil paintings, finished and unfinished, said a further 19,000 or so watercolours and drawings, has been a source of controversy and dissension ever since it came into the naston's hands more than 139 years ago. Turner had always wished for a gallery to himself which would show all aspects of his work. Whether he would have approved of James Stirling's extension to the Tate as a suitable setting is a nice question. The larger paintings may be larger pointings may be larger pointings may be larger or low for one who lived in a more ortentations age, and the testeful ost-meal Stirling has decreed for the principal galleder is a far cry from the rich plum he is known to have preferred. The volgar neo-deco of the entrance hall has little to recommend it. But eight rooms for paint-ings and one for watercolours sive room enough, and with the three re-serve galleries upstairs, every paint-ing but the few in restriction or on

French Masters of the 19th and 20th century: From Toolouse-Lautree's Moulin de la Galette to a rare Ganguin with a landscape of Brittany seen through a houriant prism of colours; from a powerful flower com-position by Nicolas de Stael to Ceposition by Nicolas de Stael to Cazanne's protrait of Madame Cazanne's protrait of Madame Cazanne, from a pastel coloured Picasso still life to the most frequently reproduced Degas damer, the traditional spring exhibition at the Schmitt Gallery can boest not only an exceptionally long list of great names of the period it covers but exceptional quality as well. Galerie Schmitt, 396 Rue Seint-Honoré (42803636). Closed Sundays and lunch times. Ends July 18.

French drawings: At the beginning of the 18th century Louis XIV's love of the grandiose gave way to an art

the grandiose gave way to an art more intimate, more pleasing. A new generation of artists around Antoine Watteen introduced colour as well as a lightness of touch into their drawings under the influence of Venetian and Flemish masters. Musee du Louvre, Pavillon de Flore. Closed Tue. Ends June I. (42803828). anis, The Gold of the Pharmoha: Part lanis, The Gold of the Phe of a dazzling treasure from the tombs of the pharachs of Lower Egypt is on view in the Grand Pa-lais. Gold, silver and ispin-lambifun-

erary mesks, pectorals and ceremo nial vases were discovered in the late 1930s in the delta of the Nile, in Tanis, the capital of a country turn by internal strife. Yet the relative impoverishment seems to have inared the royal craftsmen with an agazes whose near-classical re-

elegance whose near-classical restraint appeals to modern sensibility. Grand Falsis, closed The, Ends July 20 (6289 5410).

Cestuma-Countins. Where better to stage an exhibition on clothes and their sociological significance than in Paris, whose very name is spronymous with fashion! The imaginatively presented exhibition ranges from the breaches and tunics of ancient Gauls to the rare exhibition from the 18th century – le Habit Français – and to Edith Paris begindary little black dress. Grand Palais (Closed Tue, Wed late closing) ends June 15 (4289 5418).

Berthe Morison: More than 40 oils, passels, watercolours, crayous and sculptures retrace the development.

pestels, watercolours, crayous and sculptures retrace the development of the woman painter who, influenced at first by Corot, became a friend of the impressionists and took part in their first exhibition. Galerie Waring Hopkins, Alain Thomas, 2. rue Miromesnii (428,53105). Opened all days except Sundays and lunchtime. Each June 27. Based Duty: mediterranean blues, strawberry pinks, the greens of the paddocks blaze in Duty's magic universe. The expanses of colour are

parameter. The expenses of colour are milling with people – people in res-taurants, people at concerts, people and houses at the races. Even the trees are alive with countiess leaves, regative with countless bosts. Only the modes seem oddly uncomfor-table. Daniel Malingue, 28 Ave Ma-tignon (4265 6033). Closed Sundays, Monday mornings and hinch times. Ends June 20.

Venice: Palazzo Grazzi: The Arcimbol-Ventee: Palazin Grassi: The Arcimboldo effect: a curious and stimulating
archibition centred on the neglected
18th century Milanese mannerist
peinter. Guseppe Arcimboldo.
Much appreciated in his own lifetime for his extraordinary composite portraits, in which the features
of the sitter would be composed of
the tolls of his trade. — Date many of the sitter would be composed or the tools of his trade. — Pots, pans and vegetables for the cook (which turned upside-down becomes mere-ly a still-life) or books for the librar-ian. — Arcimboldo spent most of his working life outsinghand supposed of the outsinghand supposed of the participant vice of three Hapsburg emperors. Included is his arresting portrait of Rudolf II as the Etruscan god Vertunno, made up of fruit, vegetables and ears of corn. The exhibition con-

meterdam, Van Gogh Museum. Thirty paintings by some of the leading French Reshists and Impros-sionists on loan from New York's Metropolitism Museum. Extending from Delacroix to Gauguin, with a spenking of Vincent van Gogh's for from Delacroix to Gaugitin, with a sprinking of Vincent van Gogh's have venicing artists, there are landscapes by Millet, Corol; and Monet. a Comme still Ris, Manet's colourful and supremely self-assured Foundation in the Costime of a Majo, and Pisserro's evecative Boulevard Montmartre, Ends May 31.

Medrid, Daniel Aubry. American Isone. Photographs by young artist in his many travels. Achna, San Bernardo 187. Sads June 3. Biskid, Centro de Arts Reina Sofia, Santa Isabel 32. Raumblider: 5 Ger-man sculptors in Madrid. Ends June 22. Also: American Dreams. 115 pho-tographs by 35 photographers from 1880. Ends July 6. Madrid. Diago Rivers. A retrospective 20th century top exponent of Mexi-can art, this show offers or Mexi-can art, this show offers or Ample

20th century top exponent of Mexi-can art, this show offers an ample collection of his works, including a oniscion of his works, inclouing a film with his tresco murals, 180 oil and tempore paintings, 110 book il-instrations. Centro de Arte Reina Sofia, Santa Isabel 52. Ends June 7. Soffe, Santa Inabel 32. Ends June 7. Histrid, a Franck Auerbach retrospo-tive: 49 oil peintings by the German artist who moved to the UK in 1939 and is an exponent of the figurative expressionism tradition. This show, sponsored by British Council, was recently seen in Hamburg and Es-sen. Cantro de Arte Reina Sofie, Santa Isabel 32. Ends Jun 1. Lancalem Augusta Rodin, 40 houses.

Santa Isabii M. Enda Jun I. Berceloss, Auguste Rodin. 89 bronze figures and 40 watercolours on loan by Musée Rodin. Catalogue shows artists' influence on Catalogue shows artists' influence of Arte Moderno, Parque de la Cindadela. Ends Mid-June.

MEN YORK

m: The first retros of Joan Mire since his death in 1983 includes more than 150 pieces, includes more than 150 pieces, including paintings objects, collages, ceramics and works on paper that explore the artist's experimental media, methods and primitive implications. retions. Ends Ang 21.

tains works by Archaboldo's predscassors, such as Leonardo, Durer and Poech, as well as shore of ertists active in the early years of the Suh construy. It attempts to draw links.—some obvious (Dell, de Chirico, Man Ray and Dochamp). Ends May 31. lans reflected the fashions of the times during their heyday from the 17th to early 20th conturies, as demonstrated in the 50 pieces of various shapes and designs. Ends May 31, (91st & 5th Ave).
Metropolitan Museums 48 key Impressionist and Post-impressionist and Post-impressionist works from the Constantal Collection tour America, including works by Cismona, Maner, Remoir, Sectret and Generals, Ends June 21.

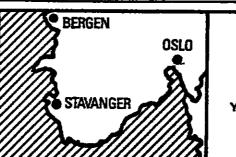
Gauguin. Ends June 21.

Art Institute: The 1985 Grand Palais exhibit of Larigue's 1930s photo-graphs shows the especiate parers-mas and fleeting moments on the streets of Peris between the warr-

Senterplanes of Japanese and Chipere Art from the British Messesse: This joint effort by Tokyo National Mu-seum, Asahi Newspaper, NHK and British Museum brings back to the Orient some 150 works of painting, Orient some 150 works or paning, organics, hosper and broase dating from the Ancient Shang period (13th ominy BC) to Edo period (1800-1858). Many are being seen outside Britain for the first time. Especially notable are the rare Tang period Dunhuans will hanness from perially notable are the rare I and period Dunhuang silk benners from Stein's early 20th century stepeditions to the Silk Road. Delicately wrought metabourk animals by redundant 18th century Japanese armour makers are also eye-chicking. This exhibition is part of the fundraising efforts towards the building a separate Japanese Gallery in the British Museum. Tokyo National Museum, Uemo Park. Ends June 7. Closed Mons. conther Borofsky: 51 works from the

ementar normaly of worst run the unconventional young New York artist in an integrated show of in-stallations, painting, sculpture, light, sound and movement. Two ismous pieces, The Man with a Bristcase and Hammering Men. are included. The latter, juxtaposed against a humane Japanese Goddess of Merry status, makes an ironical comment on local culture. Male Aggression and Maidenform Woman parody American pop cul-ture. Tokyo Metropolitan Art Mu-seum, Usno Park. Ends June 7.

Continued on Page 25



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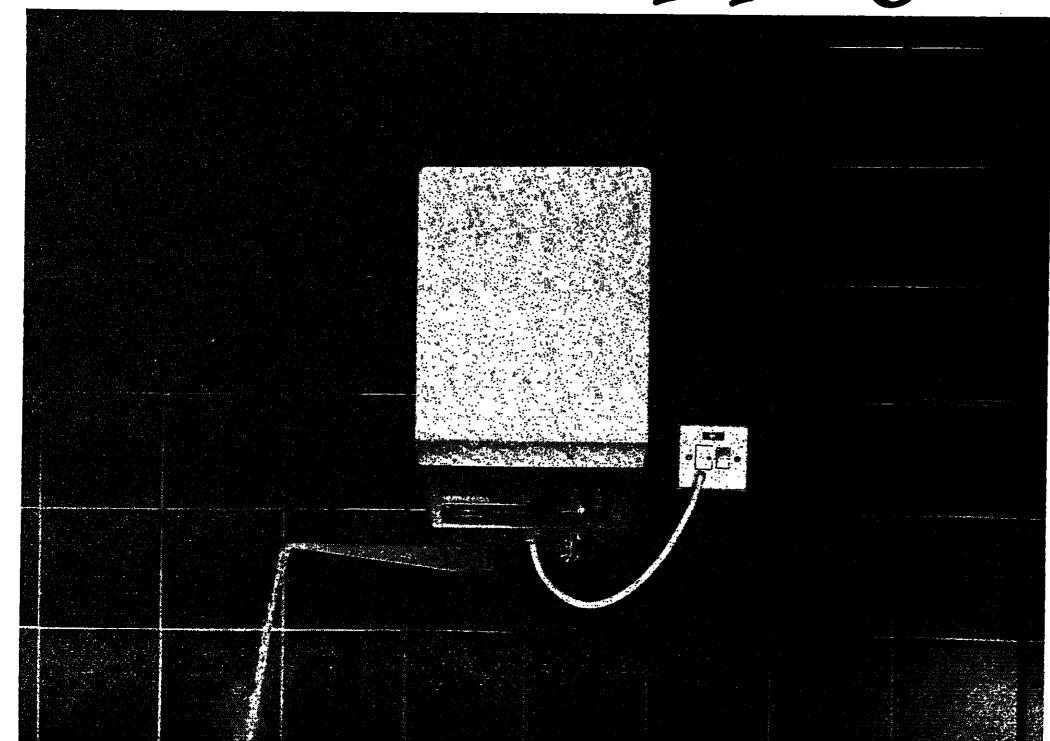
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ues in the repertoire (928 2252).

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Cinema/Nigel Andrews

An apocalyptic family album

Desert Bloom directed by Eugene Corr Foreign Body directed by Ronald Three Mon and a Cradie directed by Coline Serreau

"I loved movies, books Wonder Woman and my grand-mother," recalls the heroine (Annabel Gish) in Desert (Annabel Gash) in Desert Bloom, introducing the story of her teenhood in 1950s Las Vegas. This is not the Las Vegas of "The Strip"—that brash ribbon of gambling dens and gaudy lights which is the town's claim on world fame— but the sleepier, shanty-style community that spreads around it, lapped by the wastes of the Nevada Desert. Eugene Corr's splendid film homes in on one family on the desert's edge and the way they represent an era in microcosm: an era of tragical-comical tensions as America tries to recover from World War Two and to take a step into the nuclear future.

Mum (JoBeth Williams) harassed, patient, still pretty, keeps the house together. The kids try to run all over the place. And stepfather (Jon Voight) is a war veteran with a short ruse and a long list of grievances. He yells at his family; he is velled back at by his wife, who taunts him with his impotence—"Big war hero, shooting blanks!" And mean-while he tinkers with homemade radios, as if hoping to tune in to a world more sympathetic to his quirks than his own family.

Into this household, a human powder dump, walks thirtyish Aunt Starr (Ellen Barkin). Starr by name, star by nature, for she was once — and no one is allowed to forget it — "Miss Minnemuka, Nevada." She has a breezy charisms, she dresses with what in Nevada passes for high style, and she is deter-

young Patricia, calmly maternal Trish and menopausal (and

Or are they? This chronicle

only to end below the starting point. Characters and plot

interweave, seamlessly change and blend. Susceptible Tidge

surprises her father and his

mistress in the park and flees, trailing the five yards of sash

cord she had bought for her

suicide. Years later mini-skirted Patricia's park-bench embrace with Robbie is inter-

rupted by his daughter who

runs off trailing yards of sash cord . . . And so it goes, the

same pattern repeated in each

Years later mini-



JoBeth Williams and Jon Voight in "Desert Bloom"

there is a M light in town. Corr treats their story like a family photo album come malignly to life. Moments which start out posed and elegaic keep twisting into farce or near-disaster. If Voight's stepfather is the volatile nucleus of this family, Barkin's Auntie Starr is the character bombarding him with electrons. She dismays him by being a breath of new America, but she also attracts him. When she and Voight are caught in a moment of fliritation, the row mined to run through most of and Voight are caught in a ("Rise and shine, it's A-bomb the male population of Las moment of flirtation, the row time"); and a contagious line Vegas before she decides if that ensues, involving the in trendy local advertising.

justifying themselves, Ayck-bourn males are crassly obtuse,

bourn returned to song-as-comment in his backstage comedy, A Chorus of Dis-approval. And Christopher Downing's frustrated schoolboy

The Westwoods/Etcetera Theatre

Martin Hoyle

The eight actors in this 1984 with identical dialogue, some-

Alan Ayekbourn bagatelle, times subtly changed according done at Scarborough but recciving its London premiere their version in Act 2; and above the Oxford Arms pub in Ayekbourn confirms that he is

Camden High Street—play, as that rarity, a British playwright you might guess, two characters who writes sympathetically for ters. For teenage Tidge, cool women. Even when ostensibly

after) Pat are one. Ditto with ludicrously selfish, And, merci-

rugate the sands.

The first half is devoted to the woman's point of view. The same events are repeated by different actresses, sometimes

Downing's frustrated schoolboy is beautifully fresh and naive, not least when, wide-eyed and apologetic, he confides "I seduced her" of the older woman. Erroneously.

whole family (plus a neighbour or two) becomes the film's grimly hilarious centre-piece.

Matching the funny-appalling tensions in this nuclear family are the similar tensions building up in nuclear America. The coming A-bomb tests in the Nevada desert cast their then innocent-seeming shadow across the town's life. There are "Duck and cover" civil defence lessons in school; nuclear jingles on the radio ("Rise and shine, it's A-bomb time"); and a contagious line

(Voight renames the petrol station he runs, "Jack's Atomic Gas"). And at the movie's end, it is out with the family picnic hamper, on with the dark glasses, and off into the desert to watch the apocalyptic bloom of the future. Nuclear paignts. Best Shot directed

of the future. Nuclear naivety was alive and well in 1950s America, and Desert Bloom has Even without the benefit of plot the background of Spacethe power to make today's dis-illusionment gaze in fascinated a plot the background of Space-Camp would seem like an elaborate fantasy to young British audiences. But the setting, a simulated space base where children learn to pilot realistic space ships, experience weightlessness and bounce around in space suits, really exists in Alabama. Not so much a case of per critical ad astra as parents who can afford to pay for this elaborate educational holiday.

When a friendly robot presses awe at yesterday's innocence. Sellers had, thought, had the last word on funny Indian doctors in The Millionoiress. It is not a joke that bears infinite repetition, but in Foreign Body it gets infinite repetition. Victor Banerjee, formerly an unfunny Indian doctor in A Passage To India, here plays a penulless immi-grant from Calcutta who decides, with no medical qualifications, to set up busi-ness in London's Harley Street. When a friendly robot presses

the wrong buttons a group of children (headed by Lea Thomchildren (headed by Lea I Loun-son of Back To The Future) find themselves launched into orbit in an inadequately pre-pared craft. The technology is there but it is not yet con-nected properly, so it is down to good old-fashioned resource-fulness to save the day and fulness to save the day and bring them safely back to earth

a badly made deck chair, is a wooden imbroglio involving mistimed gags, effortful farce and contributions from large numbers of gainlessly employed British actors. The Fifties get a traditional treatment in Best Shot where underdogs in small town The French comedy Three America strive to make a suc Men and a Cradle deposits a baby at the door of a Paris cess of the local high school basket ball team. Director David Anspaugh has created a partment shared by three devil-may-care bachelors (Andre Dussollier, Roland Giraud, Michel Boujenah) and requies them, in default of any more immediate solution, to look nostalgic world of soft autumnal days and permanent blue skies and made the most of an excellent cast. Gene Hackman plays the coach with a secret past, Dennis Hopper the alcoholic ex-basketball star, and after it. After the initial shock, and the early tribulations of learning to change nappies and Barbara Hershey is their chief opponent, a teacher who does not want her one academically promising pupil side-tracked by heat milk, they come to love and care for the little perisher. They are even upset when its mother finally comes along to his sporting skills. remove it.

The audience is less upset.

More than enough material for a story about the powers of determination and the despera tion that can spring from the need to be somebody, the film is flawed only by too many dis-tracting sub-plots—unnecessary seasoning for strong, simplingredients.

Ann Totterdell

Le Nozze di Figaro/Cardiff

The film's first half hour is funny, cautionary and full of

character. Thereafter the heat

rather goes out of the proceed-ings. But the film has appealed

to America sufficiently to stimu-late a Hollywood re-make which is already in the pipeline.

A high-wit tale of Jonsonian quackery might have unfolded. But all that unfolds here, like

Rodney Milnes

It is hard to say precisely why a performance as well sung and played as the Welsh National Opera's new Figoro should be ultimately so unsatisfying. Problems with Giles Havergal's production are innumerable supernumeraries at a steady forte simply in order and the chorus intrude on the to be heard, and the result was business to, dangerously inter-fering with the communication musical pleasure that one between the principals and the for granted in the score, audience. This was doubly odd in

schoolboy Robert, trendy Rab, fully very funny.

married adulterer Robby and Against Frazer Taylor's rhoumatic Bob, stretching in the autumn sunlight.

Or are they? This chronicle directs an accomplished cast The constant movement on stage, the need for people always to be "doing something" of four generations is like an in a hugely enjoyable enter-traces an ascending staircase d'ocupre for the same author's always to be "doing something"
—especially in the case of poor
Susanna, whose constant animation puts one in mind of the
old Rank Charm School and
the need to be "vivacious"—
soon grows wearisome. From
row F the temptatiton to shout
"for Heaven's sake stand still" imminent new play at the National, Alison Rose's eager Sixties trendy and Alwyne Taylor (who toiled with the Master in his Scarborough vineyard) as plump placidity stand out, and it must be admitted that the girls have the vocal edge, especially when giving us their Supremes. Another old Scarborough hand, Robert Cotton, reminds us that Ayckwas almost irresistible. In among all the bustle the essentials were missing: the warmth and intelligence of Susanna, the

resentfulness of Figure, any sense of confrontation between master and servant. This can be sorted out by a good staff producer (Mr Havergal's Figaro, unlike his Barber last year, is at least redeem-able), but on Wednesday there

pit. While one admired the florid: If you have a baritone clearly articulated playing of who can manage it—which the the orchestra under Sir Charles WNO certainly has in Donald the orchestra under Sir Charles WNO certainly has in Donald Mackerras and the clarity and Maxwell—then it should be vigour of it all, it was also for sung since it presumably reprethe most part extremely loud sents the composer's first and the co Havergal's production are and not so much fast—though last thoughts. The revised easily pinpointed; it is self- it was — as driven. This en- "Dove sono," omitting the defeatingly hyperactive. Both couraged the singers to deliver repeat of the first section, is less Apart from Mr Maxwell. in excellent voice and presenting the Count as a dolt who thinks

he's rather clever, the cast in-cluded Anne Dawson as Susanna This was doubly odd in that the elements of "authenticity" in the performance — piano (singing exquisitely when she wasn't having to hurtle round the stage like a teetotum), Elaine Woods as the Countess accompanied recitative, appogglaturas accorded ill with a large orchestra playing at full bat, with Bartolo's "Vendetta' sounding like something out of (a fine voice, but curiously strangulated Italian vowels), Robert Hayward as Figaro (nicely phrased, but his drama-tic reactions need considerable the Verdi Requiem, and the Wedding March threatening to turn into a March to the Scafsharpening), Peter Rose (an outstanding Bartolo), and Catriona Bell as Marcellina (good

riona Bell as Marcellina (good in her aria, but lacking weight nating—that of the Vienna in her middle elsewhere, which revival of 1789. This involves is probably Mozart's fault for the substitution of "Un moto di gioia" (K 579) for "Venite inginocchiatevi." which works well, and of "Al desio" (K 577) for "Deh vieni," which doesn't: and costumes are airily elegant, for "Deh vieni," which doesn't: and practical save only that the closet door in Act 2, which is simply lasts too long for this stage of the plot. The Count's rather important, must be invisible to a good third of the aria, in which Mozart restored difficulties he had removed dients of an outstanding Figuro before the premiere, uses a here: it just needs a little extra was a corresponding restless- difficulties he had removed dients of an outstanding Figuro ness, a sense of being button- before the premiere, uses a here: it just needs a little extra holed and shouted at from the higher tessitura and is more work.

Werther/Covent Garden

Max Loppert

Covent Garden on Wednesday. The cast and conductor, mostly new to their duties here. new to their duties here, showed sincerity, a general emo-tional involvement; the main roles were taken by young, good-looking people who carried their costumes with a certain aplomb; the show had at least been decently prepared. But it was a notably untutored performance. In this opera Massenet reached perhaps the peak of his intimate conversational style—and reached, too, the point where that style most closely approaches operatic tragedy—but almost all the delicacies and nicetles of delivery necessary to any revelation of the substance below the surface were missing

were missing.

Michael Schonwandt, the young Danish conductor, seemed to approach the score as if it were Puccini-manqué. Climaxes, even those of the mainly quiet-tempered first act. were overheated, whereas the long passages of limpid flow- But in which word-setting, vocal and

A tepid Massenet revival at shape and instrumental accom- appointingly strenuous and ovent Garden on Wednesday, paniment are finely conjoined, pushed-sounding as Albert, he cast and conductor, mostly and on which so much of the have in their less important paniment are finely conjoined, and on which so much of the dramatic matter is carried dramatic matter is carried—ways much to learn about Massare brusquely or else uncertainly handled. In Act 3, where the opera most robustly survives such treatment, the performance developed a carrain formance developed a certain superficial excitement; but to anyone who loves the whole of this opera, it was rather a sad

> It would help if (apart from David Wilson-Johnson and Staf-ford Dean in minor roles) anyone in the cast had more than
> a vague idea of how to project
> and communicate in the French
> language. The most serious
> failure in this respect was demonstrated by the Charlotte of Agnes Baltsa, by and large a distressing miscast in this role of unemphatic exchanges and slowly-built inner fires—the angular non-legato phrasing and

> jerky register gear-changes proved often painful to hear. But Linda Ritchen (Sophie) William Shimell, dis-

There remains Francisco Araiza, taking here his first romantic tenor role in London. There is promise in his Werther: the voice seemed a shade small for the house, and the top was sometimes a trifle unfocused, but it was never forced, and there were pasforced, and there were pas-sages of liquidly tender half-voice — "Pourquoi trembler devant la mort?", the first phrases of the Ossian strophes —that contained real poetry. But the general shortage of specificity, of vividly meaningful purchase on the words, is a charge that has to be rea charge that has to be repeated even against him. Last
night's Werther was not the
emptlest sample of International Opera we have had in
this theatre, but in its own
way it was peculiarly
disheartening.



Robert McIntosh and Ben Onwukwe

The Pink Briefcase/Lyric Studio, Hammersmith

Michael Coveney

The offices of a municipal one omces of a municipal local authority are brightened somewhat by the presence of a pink briefcase, or perhaps several of them not to mention the life size foam rubber parrot, three Swedish performance artists and a rampant member of the Victoria Gillick

Apostolic Brethren, There are 20 characters in Michael Birch's sprightly satire for the General Theatre Company, and they are all played by three actors. The above itemised absurdities are surprisingly well integrated into a plot of corridor machinations

and political wheeler-dealing. The housing department is facing the prospect of local elections and, beyond, a Parlia-mentary candidate selection process. Councillor Barra-clough is pursuing an affair with his true blue bun-scoffing secretary while trying to appear moderate in the local Labour ward and simultaneously working hard to retain radical credibility. The apostolic protestor thinks that housing policy bias towards single parents, gays and gerbil-fanciers will encourage his son to leave home and take up unconventional sex. A slinky Rastafarian seeking s ground floor flat loses his rag and declares he is a human time bomb; "You're in the wrong department" is the sweet

riposte.

We also have a paranoid lady department head who has reared

three hateful yuppie sons and sees closet Conservatives every-where, a dilapidated curator with an overworked sense history, and a secretarial health freak. The two main springs to the action are the attempt to replace the councillor with revue, while certain weak punch a black, supposed gay, baby- lines and dead patches are for

document in the briefcase.

Ingeniously directed by Jude Kelly on a fluorescent black, white and pink street mural setting (designed by Brian Looney), Susie Baxter and Ben Onwukwe re-establish the good a black, supposed gay, baby-clutching Parliamentary candi-date, and the nailing of the culprit who leaked a policy the colored architect and closet blues performer.

Georgian State Dancers/Palladium

Clement Crisp

wear flowing floor-length robes and glide about the stage as if on easters. The men are warriors who sport soft boots that enable them to dance on the knuckles of their toes, and they further spin on their knees or crash down from a leap on to their knee-caps. Swords and daggers are brandished as their feet skitter through the fastest imaginable steppings: it is macho enough to make Popeye seem slightly effeminate.

There are no ambiguities in at the Palladium, rings all the Georgian folk dance: sexual changes in an evening of slick roles are clearly defined, and and cleverly staged numbers so are dance identities. The girls are all extremely pretty, wear flowing floor-length robes.

Doe-eyed girls drift through charming patterns; mock comhat brings the flash of sparks as sword meets sword in the men's encounters; accordions and drums are a tireless accompaniment. The evening is in no way demanding, but the energy of the ensemble and the uncomplicated nature of the enter-tainment — for all its professional assurance — bring the rewards to be found in such The permutations possible directly communicative dancing, with such ingredients are not It is impossible not to respond many. The Georgian State to the combination of charm Dance Company, now installed and bravura.

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Arts Week Continued from Page 24

Music LONDON

Boyal Philiamaonic Orchestra con-ducted by Nicholas Cleobury with Andrew Wide, piano. Rossini, Bizzt, Rachmaninov and Dvořák. Royal Festival Hall (Mon). (9283191). London Symphony Orchestra conduct-ed by Leonard Statkin with John Lill, plano. Glinka, Prokofiev and Trhafkowsky. Barbican Hall (Tue).

BBC Welsh Symphony Orchestra con-ducted by James Loughran with Pe-ter Donohoe, piano. Glinka, Proko-fiev and Tchaikovsky. Boyal Pestiv-al Hall (Tue).

Tessa Roch Orchestre directed by Tessa Robbins Khambatta, violin. Bach, Hindel, Haydn and Bottesini. Queen Elizabeth Hall (The). Queen I (9283191).

Philhermonia Orchestra and Chorus conducted by Riccardo Muti. Bee-thoven. Boyal Festival Hall (Wed). Royal Philharmonic Orchestra con-ducted by Enrique Bettz with Julian Lloyd Webber, 'cello. Dukas, Elgar and Tuhnikovsky. Royal Festival

Academy of St. Martin-in-the-Fields directed by ions Brown. Mozart, Schoenberg and Tchnikovsky. Queen Elizabeth Hall (Thur).

Hall (Thur).

PARIS

Barroque Music: Gluck's Armide in concert varsion, Talelmusik Ba-roque Orchestra and Ensemble Vo-cal de la Chapelle Royale – Paris conducted by Alan Curtis with Montserrat Caballe (Mon, Wed) TMP/Chatelet (42334444).

Händel's Oratorio Theodora, English version, conducted by Jean-Claude Malgoire with the Tallis Choir (Mon. Thur). Salle Favart-Opéra Comique (42960611). Ensemble Orchestral de Paris con-

ducted by Emmanuel Krivine, Mi-chel Portal, clarinet, Philip Bride, violin solo: Mozart, Haydn (Tue). Salle Pleyel (4561 0630).

Orchestre Colonne conducted by Clan-dio Scimone, Orchestre Colonnes Choir conducted by Jean Sourisse: Verdi's Four Saured Pieces (Tue). La Orchestre de Paris soloists - chambes

music by Debussy, Tisne, Schmitt, Caplet (Tue 6.15pm), Salle Pieyel (4561 0630). Effzabeth Herbin, piano: Schubert, Liszt, Rene Herbin, Beethoven (Wed). Salle Gavean (45832030).

Botterdam, Doelen. Organ recital by Arie Keijzer: Bach, Franck, Keijzer, Widor (Mon). (4142911).

Sercelona, Philippe Herreweghe con-ducting soloists playing original in-struments to music by Soler, Cerer-ols and Valls at Salo del Tinell, Pla-za del Rey. (Wed). ladrid, chorus and Orchestra of Barcelona's Festival of Early Music

with La Chapelle Royale's conductor Philippe Herreweghe, soprano Mo-nique Zanetti, contralto Eulalia Salhanya, tenor Joan Cabero Master-pieces of Catalonia's baroque music (Tue); Teresa Zylis-Gara (Wed). Tea-tro Real, Plaza de Oriente.

NEW YORK

Carnegie Hall: Manhattan Philhar-monic. Peter Taboris conducting. Mozart, Brahms (Mon). New York

Pops Orchestra, Skitch Henderson conducting, Liz Smith narrator, Mixed programme (Wed). (247 7800). Iniliard Concerts (IBM Gallery): Chamber Music of Russell Currie. (Wed, 12.30). 56th & Madison.

New York Philbarmonic (Avery Fisher Hall): Giuseppe Sinopoli conducting. New York Choral Artists directed by Joseph Fhummerfelt and Brooklyn Boys Chorus directed by James McCarthy. Mahler (Thur). Lincoln Center (8742424).

WASHINGTON

National Symphony (Concert Hall): Mstislav Rostropovich conducting. Rossini, Albert, Tchaikovsky (Thur). Kennedy Center (2543776).

CHICAGO

Chicago Symphony (Orchestra Hall): Sir Georg Solti conducting. All-Strauss programme (Tue); Sir Georg Solti conducting, John Sharp, 'cello. Dvořák, Becthoven (Thur). (4858111).

TOKYO

USSR State Symphony Orchestra with Hiroko Nakamura, piano. Glinka, Tchaikovsky, Shostakovich. Tokyo Bunka Kaikan (Mon). (2351861).

Kathleen Battle, soprano with Japan Philharmonic Orchestra conducted by Seiti Ozawa. Arias and songs. Hi-tomi Hall, Showa Women's College, Sangenjaya (Mon). (573 3588).

Das Gewandhaus Orchester Leipzig, conductor: Kurt Masur, Brahms, Beethoven. Sontory Hall, Akasaka Chall (2011) (Tue). (505 1010).

Martin Hornstein, cello with Eugen Jakob, piano. Beethoven, Schubert, Brahms, Martinn. (Thur). (498 0959).

Saleroom/Antony Thorncroft Windsor jewel unsold

Greed comes before a fall. scared of allowing their artists
The sale of the Duchess of into the salercoms—unsold
Windsor's jewels in Geneva in
April was such an extraordinary
tation.

But an ivory, sapphire and diamond clip which the Duke of Windsor gave to his nurse. Conagh Stanley, in 1972, shortly before his death, was unsold at Sotheby's yesterday at £30,000. Sotheby's had placed an estimate of £3,000-£4,000 on the clip, which was made by Cartier, but the high prices at Geneva encouraged the vendor to raise the reserve: and she raised it above the market's desires.

In the same jewel auction Sotheby's sold a collection of "Untitled," painted in 1958 by Asger Jorn, went to the dealers Star Diamond for £40,700 and "Grin" by the same artist just beat its upper forecast at £34.100. "Pletre de Craon," a 1958 work by George Mathieu, doubled its estimate at £29,700. At Phillips a tinplate clockwork bus, made by Bing around 1911, trebled its estimate at £9,350, just short of the record for a Bing toy. The sale did very well, with even a 1960's Dalek (in its original box) making £71.

Sotheby's sold a collection of Giuliano, Castellani and Revivalist jewellery from the late 19th century. A gold, seed pearl, and cornelian bracelet, by Castellani, of around 1865, did well at 517 050 at £17,050.

Sotheby's had a very enthe Atlantic. Many dealers are new home in Japan.

April was such an extraordinary success, with Sotheby's estimate of £5m being exceeded six times, that owners of jewels with Windsor connections imagined they were in line for a fortune.

But an ivory, sapphire and diamond clip which the Duke of Windsor gave to his nurse, Oonagh Stanley, in 1972, shortly before his death, was unsold at Sotheby's yesterday at £30,000. Sotheby's had

The Arts Minister, Mr Richard Luce, has put a six month export stop on the version of Van Gogh's "Sunflowers" which Christie's sold in March for £24.75m. However this is little more than a pesture. The chances of any British institu-Sotheby's had a very encouraging sale of post-war and contemporary art by European tion being able to raise artists on Wednesday afternoon, £25,087,500 (the current marwhich totalled £847,620 with 7.8 per cent unsold, a very low figure. While Americans are prepared to pay high prices for contemporary art there has been effort has been made in the mart six weeks it will go to its some hesitancy on this side of next six weeks it will go to its

FINANCIAL TIMES

and the second second

Telegrams: Finantimo, London PS4. Telex: 8954871 Telephone: 01-248 8000

Friday May 22 1987

Asset prices and inflation

for domestic prices of the fall in the value of the dollar. In Britain, meantime, the Bank of England has had a mild attack of nerves over buoyant money supply figures in April. It feels that soaring asset prices, especially in the housing market, together with strong consumer spending backed by readily available credit, are building up problems

It is, of course, the job of central bankers to worry about these things. And in the case of particular countries and markets, their concern may have some justification. Yet it is hard to make a countries and the British personal sector in the Bank of February to the Bank of February to the Bank of February the Bank of Feb hard to make a case that infla-tion is threatening to become a global problem, as in the early 1970s. The world is admittedly awash with liquidity; but commodity prices are still weak in terms of most currencies other than the dollar and economic activity is slack. Even in Britain, which is now at the top of the OECD growth league, the latest official figures point to relatively flat capital invest-

Dismal reflection

will tend to be associated with ownership. currency weakness or sectoral bottlenecks. In other words the impact of devaluation on imports costs and the turnround in the oil market are legitimate causes of concern for the US authorities, but no reason for them to throttle economic growth in the name of mone-

Similarly, it is a rather dismal reflection on Mrs Thatcher's record that inflation now appears to be running at a higher level than when the Tories returned to power in 1983 and at a higher level than in Britain's main competitor countries in Europe, But the problems remains distinctively

virulent diseases.

IS INFLATION set to become a serious problem again in the developed countries? The sharp recent fall in US bond prices points to growing concern on the part of investors, while Mr Paul Volcker at the Federal Reserve has openly expressed worries about the implication for domestic prices of the fall problems of the deligation of savings in the price of the deligation of the price of the being recycled to home buyers and consumers in the developed world. The real question is not so much whether inflation is about to take off as whether this new recycling process will be followed by another debt crisis of a different kind.

Bulletin is any guide, the prob-lem is more social than economic. The ostensibly worrying side of the coin is that mortgage debt now represents a higher percentage of the value of the housing stock than at any time in the past 20 years and that the ratio of personal liabilities to disposable assets the recommendation of the comment of the past 20 years and that the ratio of personal daries. But to become an international force beyond its national boundaries and the recommendation of the comment of the company of substance in t mortgage debt now represents a higher percentage of the has risen faster than the same national force, it wil have to ratio for personal assets since reckon with the growth-by-Mrs Thatcher came to power. Yet the rise in net wealth has Whirlpool Corporation of the This suggests that inflation is and house prices, financial dea localised phenomenon, which regulation and wider home

> The problem, as the Bulletin rightly points out, is that the people building up the debt are, in general, unlikely to be the same as those who are stocking up assets. Inland Revenue surveys suggest that the younger and poorer households face the highest debt service ratios. And the warning signals are there for all to see: seven times more houses ewere re possessed in 1985 than in 1979; around 21 per cent of all out standing mortgages were three months in arrears in 1985, although the figure has since fallen a little.

In most western countries British. Despite its exhorta-tions to private sector ment effort to educate the employers to hold the line on public in the high costs of pay, the Government itself has borrowing in deregulated financonceded fat settlements in its cial markets. And in Britain own public sector back yard there is a need for a far greater with obvious inflationary conse-quences. And house price infl-ation remains one of Britain's any party has been prepared to offer in the election manifestos

New manoeuvres in the chips war

tween itself and the US.

Details of the Japanese plan are not yet clear: although a worldwide price floor for micro-chips is one option being suggested. But even without the details, and even assuming the Americans accepted the plan, it is safe to predict that this 'solution" to what started as complaint of dumping by Japanese companies will be no more successful than the bi-lateral pact so painfully and mistakenly concluded last September.

A multilateral restraint of trade may look rather better than a bilateral one that so obviously flouts a cardinal tenet of the General Agreement on Tariffs and Trade. It might also look better, at least to the Japanese authorities, insofar as its purpose is to plug the holes in a pact that has proved as leaky as predicted.

Japan's real motive in drawing up such proposals—appar-ently a reworking of ideas al-ready rejected by the US trade representative—is to get rid of the 100 per cent tariffs imposed by the US last month on imports on a range of electronic consumer goods. That retaliatory action was calculated to stiffen Japan's commitments to monitor chim presented. monitor chip prices and open its market to American manufacturers, without provoking a full-scale trade war. Tokyo reportedly hopes to get the tariffs lifted before next month's economic summit in Venice.

Extreme solution

For the sake of a diplomatic solution to developments in the semiconductor business the Japanese seem to be proposing to add an important industrial commodity to the list of manufactures—steel, textiles, pas-senger cars among them— whose markets have become in-creasingly managed over the

There is no obvious justification for adopting so extreme a ment. Each step seems to be solution as managing the microtaking us further and further chip market: the problem has from a sensible solution.

international agreement to mented nature of the American regulate trade in semi-conductor industry as with conductors have surfaced in the capacity of Japanese comtokyo as Japan's answer to a panies—and other Asian companies after them—to sell chips the panies after them—to sell chips the panies after them—to sell chips. very cheaply.

The history of the Multifibre Arrangement, which by special dispensation of the General Agreement controls most of world trade in clothing and textiles, should be a warning les-son. First devised in 1974, the MFA was supposed to give mills and factories in the industrial-ised world a breathing space in which to adjust to price com-petition from poor Asian coun-tries. The MFA is still with us, 13 years later, thoroughly in-stitutionalised and thoroughly restrictive, with another four years at least to run.

Bad precedent

If nothing else, that arrangement illustrates the simple truth that schemes for managing markets are easy to introduce, but extremely difficult to remove. An administrative "solution" to the chip-pricing problem, however many countries concurred and however effective in practice, could set effective in practice, could set a bad precedent, preventing the diffusion of the great inventions of the future.

There is another sense in which a bad precedent is being set. The spectacle of two large trading nations conniving in a protectionist scheme just at the moment when the Gatt is beginning its Uruguay Round of trade-liberalising negotiations does not inspire much confidence in the rest that real results are achieveable. At the formal launch of these negotia-tions, all Gatt members in any case undertook not to erect new trade barriers. Furthermore, the US Administration has all along declared that trade in high technology products is one of the most important areas for the

General Agreement to consider. The failure of the US-Japan semiconductor agreement has been dealt with by means of re-taliatory tariffs. Now it is sug-gested the tariffs be dealt with by means of some kind of worldwide market-sharing arrange-

UK DOMESTIC APPLIANCE INDUSTRY

Dilemmas of the final cycle

By Christopher Parkes, Consumer Industries Editor

final cycle. Since the turn of the year two of the country's leading manufacturers have given up the ghost. Thorn EMI's white goods husiness has been sold to Electrolux of Sweden, the world's biggest appliance company, and TI Group's Creda and New World divisions are on the block.

All eyes are now on Hot-point, the GEC subsidiary, which is the leader in the washing machine and dish-washer markets of the UK. The City believes the natural home for the TI brands is with Hotpoint. Mr Jeoff Samson, manag-ing director, says he is interested and hints that the only stumbling block could be the price. "Opportunities such as this must be matched by realism of price," he says.

Mr Christopher Lewinton, TI's new managing director, is Tr's new managing director, is understood to want as much as £200m for the business, which would give Hotpoint market leadership in cooking appliances and further strengthen its interests in laundry and refrigeration.

With or without the TI busi-

A deal with TI would put the GEC business in a position comparable with that of Whirlpool, the leading US manufacturer since its purchase of KitchenAid last year.

The US domestic appliance industry, which has seen the number of prominent manufacturers shrink from about 100 to just four over the past few years, provides the model for the consolidation process now going on in the UK. Whirlpool, General Electric, Maytag and White Consolidated have White Consolidated have absorbed most of the smaller players or driven them into regional or specialist markets. The process took another turn last year when White Con-solidated was itself taken over by Electrolux,

Mr Dave Whitwam, president elect of Whirlpool, says: "Who knows, in a few more years there may be just one big name." Mr Jack Sparks, retiring possibilities and acted.

Whirlpool has recently been listed on the London Stock Exchange. Later this summer, the group's products are expected to make their debut in Europe, through a joint venture being negotiated with Philips.

For Philips, the negotiations indicate that despite its heavy concentration on electronics appliances account for only about 10 per cent of its annual sales—it intends to reinforce its white goods business, the better to compete with arch-

Secure as it may seem in its home market. Whirlpool has learnt from the rationalisation which has taken place in the US. "To develop a fortress of West Germany 12.5 mentally means you have taken a death wish," says Mr Sparks. Thomson Brandt and Indest 6 per cent. AEG, another West of about 1,000 Hothpoint is over-supplied and venturing into Europe, even though the market in the US. "Thomson Brandt and Indest 6 per cent and indest 6 per cent and Indest 6 per cent each and the 300 smaller firms, Hotpoint among is over-supplied and restructuring on the Continent still has a long way to go. There remain the markets are restricted to niche markets. However, Hotpoint has the

British domestic appliance industry is entering its At Whirlpool, a successful final cycle. Since the turn of final cycle. Since the turn of the year two of the country's leading manufacturers have leading manufacturers have given up the ghost. Thorn EM's a life-saver.

The pattern is clear. Electronic in world to that in the US seems inevitable industry in the US seems inevitable. Most European markets table. Most European markets price-cutting helter skelter. It rency sevantages which sterling has been its refusal to ride the scratch would erode any currently are saturated, growing by between one and three per cent through deft marketing, backed outside the UK, the brand by heavy advertising. The company is admired for its difficult a market built and service through a market in a market built and service through a market in a market built and service through a market in a market built and service through and service through a market built and service through a market built and service through a market built and service through and service through a market built and service and service through a market built and serv

are restricted to niche markets. aging 1.5 times orders, are "We can though, export a However. Hotpoint has the turned over eight times a year. not of histmess perhaps potential to join the big league. A Samson dictum is "Product through some sort of integraa long way to go. There remain about 300 manufacturers potential to join the big league. A Samson dictum is Product through some sort of integra-battling for market share, A recent study from the Lon-

would have to be launched from a market where saturation, price competition and over-capacity are at least as severe as in the UK.

takeover tactics of Philips and

History, however, is not excouraging. GEC bought a French appliance maker over a decade ago, but it failed to provide the hoped-for bridge-head. While there are still plenty of viable names which could serve as a tor-hold for the British company in cross-Channel markets, the moment for such tactics may have passed.

Electrolus is rapidly rationalising its sprawling empire and realising considerable economies of scale. Philippis gaining extra muscle through its transatiantic link-up. The continent is no piace for innocents abroad

Innocents abroad

To Hotpoint, the TI auction offers a clear and immediate advantage: it provides a means of filling the only gap in its range by offering instant market leadership in free-standing cookers, one of the British market's most import-resistant and profitable sectors. The Creda and New World brands are among the best known in the business.

In the US, the big four all offer a full product range, con-trol the leading brands and are steadily increasing pressure on the remaining independents.

With a \$1bn (£595m) capital investment programme under way at General Electric, Electrolux promising to slash costs at White Consolidated by \$100m a year and Whirlpool going for scale economies by concentrating manufacture in a handful of giant factories, they could become even more competitive.

The same could be true for Hotpoint in its home market. However, the way is far from

Japanese companies (already dominant in microwave eyens) including Toshiba, Hitachi and F Sharp, are known to he keen to enter the mainstream European appliance industry. Mr Alan Sugar, the Amstrad computer and audio entepreneur, has also said that he intends to expand into the British appliance trade.

Whatever the outcome of the TI sell-off, Hotpoint will probably be faced with the choice of either trying to defend a UK market fortress (fatal, according to the Whiripool ethos), venturing overseas, or selling

brand, in the Welsh dishwasher operation, in expansion of the refrigerator business-has been refused. "It must be difficult

IMPORT PENETRATION imports as a % of total UK deliveries, by volume 7 12.5 rce: Association of Manufacturers of Domestic Electrical Appliancer:

tactics of Electrolux and

Rationalisation would pro-bably be accelerated by the entry of Whirlpool, with its prime range of products and redoubtable marketing skills in combination with the power of Philips. Marketing and good president, has considered the products are the main qualities which have enabled the market leaders in Europe to fend off, and ultimately absorb many of the Italian manufacturers whose goods swept across the Continent in the 1960s, winning on price alone.

Indesit, once a mighty force, is in dire straits. Its former advantages of scale were eroded by overmanning, tack of innova-tion and rising transport costs. Zanussi, once its nearest challenger, has been taken over by Electrolux,

despite the relentless takeover don Business School highlights keting comes first."

share of the washing machine years.

market—up from 25 per cent three years ago—and claims 30 per cent of tumble driers, alsterling favours exports at premost 20 per cent in dishwashers and holds a strong position in refrigeration. This autumn it takes a crucial

step when it starts manufactur-ing dishwashers at its Llan-dudno factory in North Wales. Production under licence from Bosch Siemens, which now sup-plies all Hotpoint dishwashers, will lead to the rapid phasing out of the German imports.

the company as one of the most consistently profitable appliance makers in Europe. Alone among in all appliances and to come British manufacturers, it has from nowhere in the booming advanced on all fronts in the market for combined washerface of increasing imports. It driers to steal leadership from has chiselled out a 33 per cent Italian makers in less than five

sterling favours exports at pre-sent, the company hesitates to venture in force across the Exporting is fine if your pro-

ducts do not require service." Mr Samson says. Establishment of, or access to a service net-

facturer which will give us commonality of piece, part and design work," he suggests.

There are other ways.
Ambitious manufacturers in
Britain could consider adopting the tactics of the once-dominant Italian names and produce appliances for badging with well known continental brand names.

than Hotpoint. This was the route Zanussi, for example, took work is a prerequisite for movwhen it broke into the UK—
ing overseas. The Whirlpool first providing machines under
tactics in establishing a joint British names and later switchventure with Philips support his ing to its own label.

up and adding to GEC's cash There has been speculation Sterling's relative weakness ing director Lord Weinstock against European currencies and the comparative cheapness of UK labour reinforce the potential advantages for exporting under brand names other none of Hotpoint's recent requests for investment—in new cooker capacity for its Cannon F.

Zanussi, once its nearest chalenger, has been taken over by

Perhaps the most striking cost of setting up distribution

Further restructuring similar feature of Hotpoint's advance

Although the potential for refused. "It must be difficult making a grand entrance into to say no to a division which Europe is limited, it is possible has shown compound growth of the potential for the potential for refused. "It must be difficult making a grand entrance into the potential for the potential for refused. "It must be difficult making a grand entrance into the potential for the potential f

Right wheel in Malta

Within a week of a Nationalist government replacing the long-in-place Labour administration in Malta after a close-fought election the island, my man there reports, is buzzing with stories that it will join the European Community.

The scenario being vividly discussed under the warm Medi-terranean sun is that the Community members, including Britain are perparing the way for Malta to be admitted to underpin a successful first five-year term for the new nationa-list prime minister, Dr Eddie Fenech Adami.

In his first week Fenech Adami has nailed his pro-western Christian Democrat colours to the mast. He is insisting that western Europe provides the George Cross island exclusively with necessary military defence arangements which is bad news for the island's north African neighbour, Colonel Gadaffi of Libya.

Indeed Gadaffi and the new Maltese leader seem to have got off on the wrong foot. The Libyan minister for trade left his Maltese counterpart, John Dalli, cooling his heels at Malta's Luqa airport the other day when Dalli arived for a

first meeting. Fenech Adami has also quickly abandoned on behalf of the state a defence to a court appeal filed by the island's Roman Catholic church after the previous government had grabbed some of its properties.

Now aides of Fenech Adami

are saying they hope the Pope will include Malta in one of his future trips. One of the new premier's first acts was to send the pontiff a birthday telegram. And the bishops on Malta have had their previous permit to visit prisons renewed.

Men and Matters

this week to set up an institute for the elderly on the island. Reagan is also sending a senior aide for talks in Valletta with Fenech Adami—who must by now sincerely believe the dictum that a week is a long time in politics.

Well covered

The insurance industry in Guernsey is having fun by issuing a mock Lloyd's of London underwriting slip in respect of a Gallo-Roman ship that caught fire and sank off the island about 1,700 years ago.

The remarkably well-pre-served wreck of the 65-foot-long vessel, which has been nick-named Asterix, was discovered in St Peter Port harbour in 1982 by a diver, and raised three years later under the direction of the marine archaeologist Dr Margaret Rule.

Now the Guernsey Maritime Trust, which was set up to look after the Asterix, is trying to raise funds to complete the restoration work, and eventually to reconstruct the remains of the ship and put it on public display.

Lloyd's chairman, Peter Miller, who has a home on Sark and frequently flies to Guernsey in his private plane, has not only signed up personally as a member of the Maritime Trust, but has also given his blessing to the fund-raising wheeze dreamed up by Iau Daish, general manager of Transglobe Underwriting Management (Guernsey).

President Beagan, who viewed the old Maltese Labour government with distrust because of its Libyan ties, is ance companies over the next to rest any lingering suspicion that it remains an archaic believed to have had a hand in few weeks, states that the policy organisation locked in the 18th convincing the United Nations period is "unlimited from century.



anything that we might regret in four years' time"

circa AD 180 (local standard time)," and that it is being placed with the local insurance industry, "in recognition of Asterix representing the earliest identifiable marine insurance loss (and salvage)."

The initial target is £25,000. But the slip makes clear that there will be "no signing down in the event of oversubscrip-

Nearly 200 Lloyd's "names" live in Guernsey and there is a plan to tap them too.

Star quality

It has produced a stylish new film about its role in the 1980s, lasting 30 minutes, which will be shown to the thousands of visitors who are escorted around the Bank each year. The film was made by Holmes

Productions, a company chosen because of the flair it showed in the production of the television satire Who Dares Wins, and because of a track record in translating the complicated into the easily understood. It was the latter considera-

tion which also prompted the bank to choose Brian Walden, the political columnist and former presenter of Weekend World, as commentator. The result is a film which

The result is a film which combines scenes of the Bank's traditional role as a printer of banknotes, and guardian of the Treasury's (and lots of the other peoples') gold, with a useful layman's guide to its more complex operations in the London's financial markets. The Bank has also been brave

enough to touch on some of the more sensitive issues—above all more sensitive issues—above all its role as adviser to (rather than equal to) the Treasury. Former Chancellor Denis. Healey is given the chance to say that, in his day at least, it was he and not the Bank who made the key decisions on policy.

Sir Peter Middleton, the Permanent Secretary to the Treasury, graciously concedes that the view of Bank officials sometimes prevails over that of Whitehall mandarins—with the provise of course that ministers can overrule both camps,

Rogue lettuce

A City of London analyst, ever alert, thinks he has discovered indicators of a new grouping in the stores sector.

In Harrods' vegetables department he found a lettuce wrapped with a Tesco covering.

Observer



Meet with success

THE BEST result of the British general election would be a Conservative victory with an increased share of the popular vote, but a reduced majority in the House of Commons.

Once the election is out of the way, the best follow-up would be for the opposition parties to come together and form a single grouping which.

parties to come together and-form a single grouping which, for the sake of simplicity, might just as well he called the Demo-crats. The new body could then be in a position effectively to challenge the Tories next time. There are two questions here. One is whether such a development is desirable. The other is whether it is likely.

A third Tory victory is desirable because it would help to

seal a fundamental change that has been taking place in British politics over the last decade or so. It is the move away from irresponsible public expendi-ture and excessive trade union power and towards a new common ground shared by all the main political parties. This is that Britain must be competitive, must pay its way and must reverse its relative economic The country needs an assured

parliamentary majority to have a chance of doing so. To throw out the Tories now would be to risk an interruption in a process of change that is not yet complete.

Neither of the opposition

groupings are yet ready to govern. The Labour Party, for all the moderation shown in its manifesto this week, has yet to demonstrate that it has put all its internal quarrels behind it. And if it were to win the elec-tion, it is most unlikely that it would do so with anything but the barest of majorities. There would be a period of great political uncertainty as the country waited for the next election, probably in 1988.

The Alliance does not really even aspire to win the election outright. If by any chance it did, it is not enough to say that it has put forward a set of policies with which it would be perfectly easy to live. All the old problems about who runs the Alliance, and indeed what it is, would re-emerge.
With a few notable exceptions,
it would form an amateur
government, composed of some

very strange bed fellows.

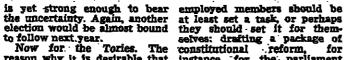
There are those who say, especially in the Alliance, that the best way forward is, therefore, a hung or a balanced parliament. Labour advocates of tactical voting seem to be saying much the same thing. Yet that amounts to believing that any outcome is preferable to having Ers Thatcher back, which is a pretty sweeping statewhich is a pretty sweeping statement. It is entirely unpredictable how a hung parliament seats. That was part of the trouble in 1983. The House of commons became full of redundant Tory MPs. There were so many of them that there was very little effective opposition.

The process was demoralising to the Labour and a superior those Tory MPs who had in the same of the trouble in 1983. The House of Commons became full of redundant Tory MPs. There were so many of the through the process was demoralising to the process was demoralising to the process was demoralising the process was demoralising to the process was demoral able how a hung parliament nothing much to do. It was agenda, would work That might have its bad for parliament because it. It is also unnecessary. For charm, but it is doubtful ceased to be a contest. If it it has never been self-evident

Politics Today

Why the **Democratic** dog must have its day

By Malcolm Rutherford



Now for the Tories. The reason why it is destrable that they should win an increased percentage share of the vote is that that would undermine the argument that they are a minority government. The argument has its force; they won around 42 per cent last time and a huge parliamentary majority. Yet if they were to go above 45 per cent next month, the case that the electoral system is manifestly



unfair would begin to fall At the same time, however,

would be undestrable for the Tories to win yet more seats. That was part of the

charm, but it is doubtful ceased to be a contest. If it it has never been self-evident whether the British economy happens again, the under-that two broad strands of

at least set a task, or perhaps they should set it for themselves: drafting a package of constitutional reform, for instance, for the parliament and institutions of the 1990s.

An outcome where the Tory share of the vote goes up and the Tory majority in the House of Commons goes down is technically quite feasible and may even come about. It would make for a better House of We come now to the most

important part of the argument; the effect of such a Tory victory on the opposition parties and the pext stages of political realignment. If Mrs Thatcher does win again quite easily, it must become clear that the Tories have a prospect of going on winning innitely until there is a united opposition. The best way forward, I

suggest, is not through propor-tional representation, but for some sort of broad merger of the anti-Conservative forces. For a start, in the sort of parliament that we are envisag-ing after June 11, proportional representation is exceedingly unlikely to be introduced. Most of the Tories would oppose it and, under pressure from the Whips, some of those who hanker after it would probably toe the party line. The majority of the Labour Party would oppose it as well. So it is not on a likely political

political opinion cannot be contained within what is essentially a two-party system. Big political parties are themselves coalitions representing an extraordinarily wide range

ELECTION '87

of views. That goes for the Democrats and the Republicans in the US and for the Conservative and Labour parties in Britain. What has gone wrong in British politics is that the natural coalition of anti-Conservative forces has failed to

The party manifestos published this week illustrate the point. The most striking fea-ture is the way that both Labour and the Alliance are trying to catch up with some of Mrs Thatcher's reforms: the right to buy a council house, for in-stance, has become part of the conventional wisdom, yet used to be anathema to Labour. But the other feature is that there is almost nothing in the Alliance manifesto that is not, or could not be, in either the Tory or the Labour equivalent. (Nuclear defence is perhaps the most notable exception, though even there Labour has trimmed its unilateralist policy

Now it is possible to argue that the Alliance therefore represents the middle course, combining the best of the Labour social conscience with the best of Mrs Thatcher's free enterprise. Yet the facts re-main that the Labour Party does not go away and that the Tories go on winning.

of last autumn.)

The conclusion that I draw should help him. After a third from that is that both Labour Labour defeat in a row, the and the Alliance will have to trade unions will almost cer-

swallow their pride and form a broad democratic grouping. It could be called the Labour Alliance, the Democratic Alliance or, best of all, just the Democrats or the Democratic

Party.
It will be exceedingly difficult to do, not least because of the personalities involved and because each of the opposition parties has its own constitu-tion. Yet it can be done. The alternative is to go on losing. Mr Neil Kinnock already

faces an agonising Labour Party Conference this autumn, unless he turns out to do spectacularly



the election campaign. He will be attacked by the left for not being socialist enough and for producing a manifesto that bears only the faintest relationship to some past conference resolutions. Yet he will have very little choice but to fight back. Indeed it is largely in standing up to the far left that he has made his name as leader. This is a process that will have to continue unless Labour is to be reduced to a militant sideshow.

There is one element that

tainly further disengage them-selves from politics. That should make it easier for him to seek to change the constitution, drop the block vote and allow mem-bers to vote individually. The Alliance will also have

its problems after the election.

ELECTION '91/92

It is sometimes assumed now that it is almost a single party It is not, After June 11 all the old questions about whether there should be a formal merger will resurface. That, too, would involve rewriting constitutions.

Thus, if the Tories win the election easily, both Labour and the Alliance will be engaged in fundamentally reassessing their future. The question is whether anyone will have the courage and the vision to say: "Let us get together as the only way of replacing the Government." It would mean that the Alliance would have to shed the Alliance would have to shed some of its closeet Tory sup-porters and a section of the far left of the Labour Party would be almost bound to peel off to become perhaps like the French Communist Party. But it may be the only means of establishing a broad-based opposition capable of winning

to attack in the Tory manifesto, or indeed in the whole Tory record. The absence of constitutional reform, the illiberalism on race, the threat of censorship of broadcasting, the growing strand of authorities. tarianism and centralisation in the approach are all wide open to criticism. But so long as the opposition is divided, the attacks fall short of the mark.

It is not as if there is nothing

next time.

Lombard

The same old health service

By Joe Rogaly

the NHS is one of those peculiarly British institutions that is untouchable by any democratically-elected government. Not we have therefore so even the free-market stand-onyour-own-two feet Tories of
today have felt able to come
forward with a programme of
fundamental reform. There is
the conservative
the free-market stand-onarrangeu
people get is rationed by the
forward with a programme of
fundamental reform. There is
more or less as healthy as other
fundamental reforms, at a generally of the property of the proper service to locally elected bodies (perish the thought); nor is ment will ever get it right, there any hint that a state-run insurance system, with bills paid by patients who then reclaim the money, might work better. Unlimited," wrote Mr Powell.

That would be too radical. The Tories prefer to boast that they have spent more on the NHS, in real terms, than any previous government. They previous government. They plan to go on spending: on reducing waiting lists, for example, or, in the case of hospitals, on "the biggest building programme ever." Labour is imprecise about money, but it, too, promises to reduce waiting lists for urgent cases to too, promises to reduce waiting lists for urgent cases to too, promises to reduce waiting lists for urgent cases to too, promises to reduce waiting lists for urgent cases to too, promises to reduce waiting lists for urgent cases to still far too few surgeons. The diversion of money from London has gone too far too fast. The cash allocated has not been sufficient to support imprecise about money, but it, too, promises to reduce waiting lists. More than that, its NHS would be a "high quality service," untainted by private beds (although not absolutely immediately). The Alliance would step up the Tory budget every year until, by 1992, its expenditure would be £1bn ahead of what is currently planned. what is currently planned.

There is no mystery to any of this. It is all explained in the best book yet written on Britain's health service—Enoch Powell's A New Look at Medicine and Politics, which was first published in 1966. If you want to grasp the essentials of the matter you need read nothing else. For as Mr Powell pointed out, "medical care under the NHS is rendered free to the consumer at the point of consumption." The consequence is obvious: obvious: supply has to be rationed by means other than price." Hold those two basic precepts for a moment. There is a third, and it is even more devastating it is even more devastating which the reality behind the than the other two. Here it is: auction will be masked by loud to the amount of medical care on the one side, and efficiency an individual is capable of on the other.

THE OPINION polls tell us absorbing." In short, demand that the National Health Series potentially infinite. It could vice is an important election be for a check-up, or a followissue, but the politicians know up, or a heart-and-lung transthat it is a simple auction. For plant. There will always be

fundamental retorm. There is reason why the British are no talk in the Conservative more or less as healthy as other manifesto of phasing out the Europeans, at a generally lower NHS and phasing in private price in terms of the propormedicine. There is not even a vion of GNP spent, and at satisglimmer of a proposal to dectors and consultants, It is decreased begins a reason why no Government.

Mrs Thatcher's Conservatives have, to their credit, at least made a dent in that one: NHS administrators probably are managing their Treasury ration not been sufficient to support the transition to community care for the elderly. The next government must put these

Even if it does, the headlines about the NHS being in a "crisis" will continue. This is inevitable, whichever party or parties is in charge. Back to Mr Powell: "One of the most striking features of the National Health Service is the continual, deafening chorus of continual, deafening chorus of complaint which rises day and night from every part of it, a chorus only interrupted when someone suggests that a dif-ferent system altogether might be preferable. . . "Its prac-titioners are obliged to knock it, all the time, in order to get more money spent on it. It is a fine old election issue, in

Maintaining schools

DIV TORREST TO THE RESIDENCE

From the President, Royal Institute of British Architects.

Sir,-In his article (May 7) entitled "Schools and their cus tomers" Michael Dixon dis misses the warning of a senior educational official at the Assoation of County Councils whom he quotes as saying "Parents might choose a school where the might choose a school where the buildings are about to fall down. Authorities might have to keep that open and close a school where the buildings have fifty years of useful life." He considers this a somewhat exaggerated foreboding.

Reports, however, reaching this institute suggest that conthis institute suggest that con-cern about the condition of our educational building stock is well founded. Building failure caused by neglect of routine maintenance is already disrupt-ing classes in many educational authorities and this will lead to a restriction of parental choice if centres of academic excel-lence continue to be housed in dilapidated buildings which will soon need to be replaced or ex-tensively refurbished.

The latest report published by

The latest report published by Her Majesty's Inspectors on the effects of local authority expenditure solicies on education draws attainted to the consequences of a continued deterioration in the fabric of huilding and prints to a signipenditure italicies on education draws attention to the consequences of a continued deterioration in the fabric of buildings and points to a significant. Telation between the quality of work produced by pupils and the appropriateness of the accommodation provided. It states that in nine-tenths of the lessons seen by inspectors the accommodation had an influence of the quality of the pupils work. The RIBA has sought to alert decision-makers in local and contrait government to the social and contrait government to the social and contrait government which are now heling placed at the DTI report is based on the pupits work. The RIBA has sought to slert decision-makers in local and central government to the social and economic value of their property assets which are now being placed at risk through neglect of planned maintenance.

Disruption to classes and the closure of some schools through premature building failure can be avoided if an appropriate that of resources is devoted to building maintenance in the future and if a sustained effort the trade to class the appropriate is made to clear the enormous backlog of maintenance which has accrued through the mis-suided application of financial contrains

L. A. L. Rolland, 66 Portland Place, W.I.

Playing around

From Mr V. Kirby Sir.—In your survey of Andaluria (May 15) David White asks the question, "Where else has 14 golf courses in 70 miles as there are on the road going west of conduct is "to make a con-from Malaga?" If he cares to tribution towards abolishing take the road from Fleetwood apartheid." Mr Mitchell seems

Letters to the Editor

to Southport in Lancashire he will be able to count 22 golf courses—the distance is 43

V. Kirby. Lowther Lodge, Church Road, Lytham, Lancs.

EC code on S Africa From Mr L. Fulton

Sir,—Mr Mitchell (May 11) accuses the Labour Research Department of giving a "very misleading pleture" in our report on the returns of British companies under the EC code of conduct for employment practices in South Africa.

In fact it is Mr Mitchell and the Department of Trade and Industry which he quotes who are misleading. They state that more than 96 per cent of black employees are paid above the recommended level." This is based on the DTI finding only paid 1,800 employers the DTI report is based on the returns of only 126 companies when there are known to be over 270 British companies operating in South Africa. Mr Mitchell goes on to assert that "more than 90 per cent of companies, however, allow all their South African employees to be represented by an organisation of their choice." This figure includes BTR Dunlop which offered 1,000 employees the "choice" of being sacked in 1985 in a dispute over union recognition. "Choice" is rather limited under a continuing state of emergency, in which an estimated 20,000 people have been detained many of them trade

detained, many of them trade union members. Our report concentrated on the few facts presented by the companies and found that at least 3,300 employees are paid helow the EC minimum, and that only 50 companies recognised unions at the local level. The declared aim of the code of configure is to work 2 companies at the code of configure is to work 2 companies.

to have missed the point of the Lionel Fulton, Labour Research Department, 78 Blackfriars Rd, SEL

Assessing risks in travel

From Mr D. Sawers Sir,—Dr Landy (May 14) and Mr Farley (May 16) seem to believe that travellers perceive no difference between the risk involved in making a long journey or a short journey. The relative danger of different forms of transport should, they suggest, therefore be measured by deaths per passenger-journey, not deaths per passenger-mile.

The average journey on British Rail is 27 miles; on British airlines it is 1,220 miles. British airlines it is 1,220 miles. When comparing the accident rate on railways and airlines, your correspondents are therefore inviting us to believe that travellers consider that a journey from London to Maidenhead involves the same risks as a journey from London to Catania, presumably whether the journey to Catania is made by aeroplane or by train.

the journey to Catania is made by acroplane or by train. Such an attitude is irrational because the longer the journey, the longer the exposure to potential hazards, whether they be carts on level crossings or other aeroplanes in the aky. Danger is not limited to getting in and out of a train or the take-off and landing of an aero-plane. Travellers indeed seem to feel more apprehension about to feel more apprehension about a long journey than a short journey, and to worry more about a trip to Catania than a trip to Maidenhead, or down to the local shops.

the local shops.

Travellers want to know how likely they are to reach their destination safely, as your correspondents suggest; but they want this question answered for a journey they are planning to make, and for the alternative methods of making this trip. It is little help to the traveller planning to visit Catania to know that the chance of reaching Maidenhead by train is

therefore be a factor in any use-David Sawers. 10, Sequiew Avenue, Angmering-on-Sea, Littlehampton, Sussex.

In the fast

lane From Mr D. Bodecott

Sir,—Mr B. Craven (May 19) has not laid this issue to rest and misses the point regarding how travellers assess risk at

ing life, Dr Landy's concept of risk calculation per passengerjourney does in practise repre-sent the true perceived danger

human perception. David Bodecott.

Newton House, Motherby, Penrith, Cumbria

actuaries

From Mr A. Jenkinson.

Sir,—Mr Thornton's letter (May 16) was sad in the light of the guidance on professional conduct issued by the Institute of Actuaries in 1984. That guidance placed responsibility for actuarial advice on the individual actuary and made no differentiation between actuaries in public practice according to their particular mode of employment. It recognised the reality that, for those providing an advisory service based on personal expertise, the professional and business interests are common. In particular, it should be pointed out that that guidance attached the word "independent" not to an actuary (as Mr From Mr A. Jenkinson national Association of Consult

the end of a runway or cruising in the fast lane. In the academic in the rast lane. In the academic sense, he may be technically and statistically correct in his analysis. Theory and practice, however, are not the same.

As someone who has driven, trained and planed many thousands of miles in my working life. Dr. Landy's concert of

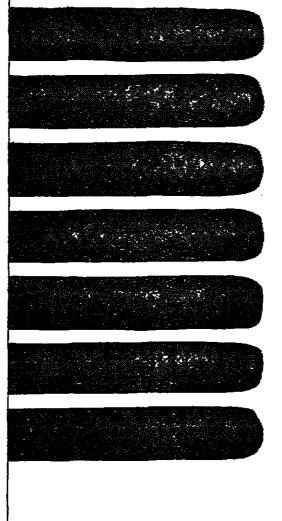
to the frequent traveller.
"Risk per travelled hour" may have some limited validity, but "risk per passenger mile" is an impractical concept which also ignores the vagaries of

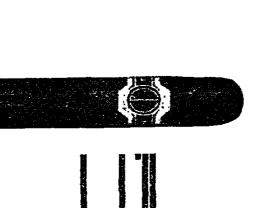
Consulting

dent" not to an actuary (as Mr Thornton does) but to the ad-Thornton does) but to the advice. Independence is not the prerogative of the actuary in partnership, nor would his advice necessarily be independent.

The lingering desire to maintain divisions within the body of actuaries in public practice is one-sided and is virtually unique to this country. It is ironic, for example, that I can be a member of the International Association of Consultplanning to visit Catania to know that the chance of reaching Maidenhead by train is greater than the chance of reaching Catania by aeroplane; he will want to know how the chance of reaching Catania by aeroplane. Comparisons of the dangers of different modes of travel based solely on accidents per journey would therefore be unhelpful as well as illogical. The length of the journey well-side working the property of the pourney influences the risk, and must

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FINANCIAL TIMES

Friday May 22 1987

Impeccable timing.

BAUME & MERCIER GENEVE 1830 rafted Subst watches at 38 Conduit Street, London W

Government growth projections proved optimistic, reports David Housego

French economic dream fades

FRANCE was being hailed only 15 years ago as the rising industrial power of Europe, but suddenly it faces the prospect of being the poor man of the Continent.

The French Senate's economic committee warned this week that France's gross national product could soon slip behind that of Italy

A front page article in the daily Le Monde earlier this month carried the headline "the haunting echo of decline." Even Mr Christian Saint-Etienne, a normally sober analyst of France's economic problems, headlined a recent article: "can France's economic decline be

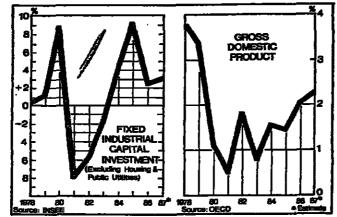
This creeping pessimism seems to be endorsed last week by gloomy government forecasts of lower ecoomic growth this year and higher

The French Government did little to prepare public opinion for the bad news, prompting a four percen-tage point tumble on the bourse on Friday. The market still remains

dgy. Nonetheless these less favourable projections are in line with its policies are on the right path and what private forecasting institutes will yield results eventually. in France have been saying among themselves for weeks - reflecting largely the downturn in the internabonal environment as well as some

weakening in domestic demand. But they are in sharp contrast to the Government's hopes on taking power in March last year of higher growth (a 2.8 per rise in real gross domestic product in 1987) and strongly rising investment because of the fall in oil prices and the dol-

The picture now emerging is that French GDP will rise at little more than 1 per cent this year, inflation will be up to 3.5 per cent from 2.1 per cent in 1986. Industrial investment is flattening out, unemploy-ment will rise to 2.8 or 11.7 per cent of the workforce, and the trade account is slipping back into deficit with a continuing reduction of



with an expanding economy under capital resources through equity its belt. Mr Edouard Balladur, the funding in the financial markets - a Minister of the Economy, is no long-er counting on this – although both inflation and exports should be bet-ter in the second half – and believes the large number of medium sized instead that the Government must rest its case on demonstrating that past four years - which have ob-

Hence the flurry of posters put up by Mr Jacques Chirac's neo-Gaullist party focussing on 1992 as a way of linking the opening of Europe's in-ternal market with a revival in French fortunes. Or will the pessimists be proved right, with the country further in decline by then? In contrast to the recent had eco-

nomic figures there are more positive signs that a turnround is underway in the French economy although it is slower and more painful than expected. The French car industry, which only four years ago seemed to be sinking under the weight of losses by Peugeot and Re-nault, has regained market share in the past two years on both Europe and domestically. This is the fruit of both a costly restructuring plan and

France's traditional surplus on in-in a stronger financial situation gaining market share. dustrial goods. Than a decade ago after three years

ment which had hoped to go into their - albeit still heavy - indebtednext May's presidential elections their - albeit still heavy - indebtednext May's presidential elections

tained listing on the second market. An advantage that France has over its European competitors is that because of continuing wage restraint, unit costs in industry are still rising more slowly than elsewhere in Europe. This is essentially why, even with an inflation rate accelerating to 3.5 per cent this year, France's inflation gap with West Germany should narrow to 2 per

cent at the end of this year from 3.5

companies - more than 170 in the

per cent in 1986. However, there are other sectors of the economy that are far from being out in the woods. The aerospace one of the strong points of the French economy – are in trouble because of falling orders, particularly on military sales to developing countries. Export orders recorded by the French aerospace industry fell last year by 40 per cent to FFr French companies are generally 37bn at a time when Britain was re-

Plant manufacturers - and hence All this is bad news for a govern- of rising profits and a reduction in turnkey export contacts - have ports.

Opec and developing country mar-kets and by stronger competition from the US and Japan. In areas such as machine tools and consum er electronics, French products have been fading from the market.

Industrial investment which picked up strongly in 1984 and 1985 has flattened out again - notwithstanding the improvement in com-panies' financial situation.

At a time of high real interest rates, companies are giving priority to reducing their indebtedness or to boosting earnings through financial

In the months before the election the Government has little leeway to put through policy changes that might improve the outlook. Mr Ray-mond Barre, the former Prime Minister, who presided over the last in ment boom in the economy, has been calling for fiscal incentives -accelerated depreciation or additional tax cuts - to stimulate investment through strengthening com-panies balance sheets. But Mr Bal-ladur has for so long ruled this outbeyond corporate tax cuts already in the pipeline - that he would lose

credibility if he gave way now. There is little room to bring down interest rates - without endanger ing the franc - real short-term rates are around 5 per cent, or as high as The franc is increasingly considered overvalued by being tied to a D-Mark that is being pulled up part-

ly by the dollar's weakness. Because the Government did not take action earlier to limit the deficit in the social security fund, it is condemned in the coming weeks to a deflationary 1 per cent increase social contribution at a time when its economy is already slowing

Mr Chirac could be tempted to try to offset this by allowing salaries to rise more quickly in advance of the election. The danger is that this could widen the trade deficit - already likely to increase this year to FFr 15bn - through sucking in im-

S. Africa 'poised to enter critical transition'

By Anthony Robinson In Johanneaburg

SOUTH AFRICA stands at the perting of the ways. Like Christian in John Bunyan's Pilgrim's Progress, South Africans must choose between the difficult high road of survival through negotiation or the low road of coercion

While the first offers sustain growth, reconciliation with the outside world and the release of creative energy, the second leads, after an initial sanctionsbusting boomlet, to conflict, a siege economy and the fortress

forward in a booklet entitled The World and South Africa in the 1990s. It is based on a study of future global trends and their interaction on South Africa. The book was commissioned by Angbook was commissioned by Anglo American, South Africa's most powerful mining, industrial and financial group. It was written by Mr Clem Sunter, an Englishman who reports to Mr Gavin Relly, Anglo American's chairman, on "managing playming".

reading in the wake of a whites-only election in which more than 50 per cent of voters supported the neo-apartheid, coercioneform policies of the National Party and 30 per cent opt-ed for partition of the country and a whites-only state as pro-mised by Dr Hendrick Versound

A majority of white voters, including thousands of English speaking defectors from "liberal" ranks, thus endorsed the Government's policy. But will it work? According to Mr Sunter's

"Anyone co-opted will immediately lose credibility with his own side and for that reason would be ruled out of the negotiation process," he writes in a passage which echoes the judgment of moderate black leaders such as Chief Gatsha Buthelezi, leader of more than 5 million Zu-

cent white vote for an imp solution or for negotiations on an unrealistic basis are therefore "the negotiation option is full of risk, but it is the only one which leads ultimately to genuine pros-perity for all."

The sefi-looking alternative, he writes, is co-option. "With co-

option, you bring people who think like you into the system. You give them privileges and re-distribute some of the wealth to them. Early on it looks fine on the surface with the top tesm taking on an increasingly multi-racial complexion. But it is inthe surface with the top tes creasingly flawed because the so-cial barmony required for con-sistent growth will not exist un-

In effect this is a description of the government's tricameral parliament, its homelands policy, and its declared aim of enticing moderate blacks into the so-called national statutory council and the regional service councils and the regional service councils at least level. at local level.

For Mr Sunter this would turn South Africa "into a military for-tress isolated from the rest of the world. It can then descend into regional conflict and eventually end up in a state called the

Can South Africa avoid catastrophe and emerge as a "wi nation?" The answer is only if it rejects apartheid and the tired old "isms"; embarks on mass eduention and housing pro-grammes and builds on its eco-

Despite its mineral wealth, South Africa is not a rich coun-try, the book points out. Per capitry, the book points out. Fer capa-ta gross domestic product of around \$1,900 is relatively low. Furthermore, "high tech threat-ens its commodity exports" - new information and bio-based tech-nology is low on metals use and blob on begin converhigh on brain power.

Given the right political cli-mate created by open-ended ne-gotiations, South Africa could make full use of its excellent infrastructure and develop both its industry and soak up unemploy-

As for the form of the negotiations, the book suggests the procedures laid down at eastwest summit meetings and the strategic arms limitation talks, (SALT).

regional and national level...
followed by a SALT-type process whereby professional negotiators are chosen by the parties con-cerned to attend a national for-um... the last stage is where the looker get reprod the table to leaders get round the table to finalise the settlement." THE LEX COLUMN

Fashionable, in any currency

The day before yesterday it was the general belief that UK banks were better reserved against bad loans than their US competitors. That has not changed. But UK bank shares were still falling yesterday, faster than the rest of the London market, while Wall St, bank stocks included, was firmer. Must be those

C.E.Heath

C.E.Heath could scarcely believe its luck. Having demolished earn-ings per share, undershot a pessi-mistic profit forecast by more than 55m and slipped in an exceptional loss of double the size expected, the share price rose 6 per cent in a falling market. Relief that the dividend was not

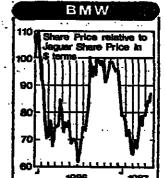
cut played a part, but investors seem remarkably ready to accept the Fielding-Heath view that all the greatins have now been accounted for and things can only get better. The difficulty is that given the unpredictability of US courts the exceptional item of £11.2m may not leave the slate quite as clean as sup-posed. And, aithough the Fielding management is held in deservedly high esteem, it will be a hard slog to re-establish the Heath broking siness following the recent exoduses, especially with rates soft-ening sterling rising and interest rates falling.

It is true that currency losses accounted for part of the underwrit-ing and broking losses, but the picture would have been even more dismal if only 12 months of Fielding profits had been included.

And, while Heath shareholders may eventually have reason to be thankful for the arrival of Fieldi they are currently mursing a Clim eduction in shareholders' funds (in part thanks to the goodwill write-off) and a severe dilution in earn-

The company is rightly making a virtue out of a forced reduction in underwriting (and will probably be out of the business altogether in five years), but a near halving in Pinnacle earnings for the current year leaves another hole to be

lugged.
Given the longer-term doubts about the viability of a medium-sized generalist broker, an above



unless it is buoyed by premature

With Daimler-Benz getting on the wrong side of the German taxi driver, and VW leaving its currency hedging in light hands, it is no wonder that BMW has become the favourite motor stock on the German equity market. So yesterday's announcement of some striking gains in turnover by BMW helped to add DM 8 to the share price, now a tank-like DM 567.

The increase was not so much a matter of unit sales expansion, as a reflection of the premium prices that the consumer is paying for the new 7 series.

Tales of even higher black market prices for the product should cause BMW no displeasure at all. In the car business at least, fashion in the hidden treasure to be demands the appearance of scarci- stripped out of the balance sheet. In

the dollar - to which the BMW share price pays such close attention — Stanley will surely be at least as is no difficulty at all. By stressing hard nosed in its pursuit of liquifithe dangers of US protectionism able assets as Mr Edelman Some the company appeared to be saying strands of the Burlington web will that its only problem in the US is be teased out and sold to other tensuccess. In sales terms that may be tile companies, such as Mr Edeltrue, but since BMW still refuses to give profit figures for its overseas balance sheet has responded to all subsidiaries no outsider really the disciplines of leveraged manknows the exact effect of currency

around 10, which hardly suggests that enthusiasm has got out of hand, or that recurring rumours of a sell-out by the controlling Quandt family are required to support the price. After all, with net cash of about £500m, BMW is hardly desperate for new capital.

Burlington

For the maximisation of share holder value (as the jargon has it) Mr Asher B. Edelman has earned the considerable fee that he is sharing with other investors in Burlington industries, now the recipients of a leveraged management offer at average rating seems perverse \$76 a share, as well as a share repurchase offer at \$80. Without successive bids from Mr Edelman and his partners, Burlington would no doubt be stringing along in the region of \$50, and shareholders would still be looking for the elusive re-turn on the \$2bn they had invested in modernising the group's textile capacity.

Given the recent stiffening of legislative and judicial obstacles to takeover activity in the US, this is not as likely an outcome as it would have seemed this time last year. Hostile bids are plainly more diffi-cult to bring off, after the Indiana judgment. And leveraged buyouts are more difficult to finance, now that the tax regime makes it harder to write up the value of assets afterwards. Borlington's management and Morgan Stanley - must either have found some means of getting round the new doctrine on General Utilities, or be supremely confident either case, there must have been genuine fear that Mr Edeiman To judge by yesterday's statements from BMW, the weakness of might actually gain control.

The sequel is familiar. Morgan balance sheet has responded to all agement, a smaller and doubtless novements on group revenues. leaner Burlington will return to the Those outsiders' estimates of market with an even higher capitalworldwide earnings suggest that isation than has been realised by the share might be on a multiple of Mr Edelman's approach.

Qatar launches \$1bn offshore gas project THE GULF state of Qatar has ralgas not associated with oil - will The project, launched this week, feet of gas for local industry, power

shore gas development by appoin- where in the Gulf this year. The formal go-shead came on was discovered nearly 17 years ago

richest single concentration of natu- oil.

launched its long-awaited \$1bn off- probably be the biggest started anytion and procurement consultants. least 150,000bn cubic feet of gas,

dul-Aziz bin Khalifa al-Thani, the Qatari Government has long proc-Qatari Minister of Finance and Pe- rastinated over a decision on the troleum signed a consultancy con- terms and financing for its developtract, estimated to be worth be ment, despite long negotiations tween \$70m and \$80m, with repre- with a variety of international oil sentatives of a joint venture formed and engineering companies. Qatar sees the scheme as crucial to the di-The project - in Qatar's North versification of its economy, which Field, believed to be the world's is at present totally dependent on

years. The total cost of the engineering and construction work, including offshore platforms, separation plants and underwater pipeline, will be between \$800m and \$900m, with the Qatar General Petroleum Corporation spending a

is for the first phase of the North and water desalination plants, and Field's development, with planned a further 45,000 barrels a day of gas ting Bechtel of the US and Technip
of France as engineering, construct
on and procurement consultants.

The deposit, lying off Qatar's capacity of 800m cubic ft per day, inquids and condensates for export.

Capacity of 800m cubic ft per day, inquids and condensates for export.

Capacity of 800m cubic ft per day, inquids and condensates for export.

This is equivalent to about 16 per tion and procurement consultants.

Least 150,000bn cubic feet of gas, gineering studies are to start immecent of Qatar's current Opec crude diately with a view to bringing oil production quota, and at current ings of about \$200m a year. Qatar already exports liquid petroleum gas under contract, principally to Janan but also to Western Europe.

> Financing of the project is not yet finalised, but Qatar is expected to further \$100m or so on drilling.
>
> On completion, the project is expected to yield some 700m cubic tors to arrange supplier credit. seek to borrow on international markets as well as asking contrac-

Chase drops note issue

Continued from Page 1

The reserve strengthening would be "better for borrowers, lenders and the international system as a whole" and would put Citicorp in a position to help formulate and press for creative financing packages for debtor nations pursuing narket-oriented reforms."

Mr Manuel Johnson, vice chairman of the Federal Reserve Board, was notably less sanguine in testimony delivered to Congress yesterday morning, possibly suggesting some differences of opinion between the two institutions.

He said, however, that "the events of recent days underscore the prudence and wisdom of efforts over the last several years to strengthen the capital bases of our

sional hearing that it would be of which 1 per cent is tax deducti-"irresistible" for many banks to fol-ble. Officials at Bank of Tokyo and

Japanese banks may seek tax breaks

BY IAN RODGER IN TOKYO

JAPAN'S banks are likely to renew major lenders to LDCs, also welco-their campaign for larger tax conmed the Citicorp move.

to US banks in lending to develo-ping countries and, like US banks, have taken a hard line up to now on concessions to troubled borrowers, such as Brazil and Mexico. Accor-Mr William Seiman, chairman of Ministry of Finance should expand

their campaign for larger tax con-cessions on bad loan write-offs in the wake of Citicorp's decision on Wednesday to add S3hn to its loan reserves because of difficulties with loans to developing countries.

ding to the Japanese Ministry of Finance, the total amount of less developed country (LDC) loans held by Japanese banks is about \$60bn. An official at Sumitomo Bank, which has one of the largest LDC loan portfolios, said yesterday the the Federal Deposit Insurance Cor-the ceiling on reserves for bad poration, told the same Congres-debts, now 5 per cent of total loans,

Mitsubishi Bank, which are also

The banks lobbied the Ministry intensively last summer for higher bad debt ceilings while negotiations were under way to restructure Mexico's borrowings, but to no avail. However, the Ministry later allowed the hanks to sell their rescheduled Mexico loans to a jointly established holding company in the Cayman Islands at a discount and authorised them to offset the loss

Tokyo' capital markets shrugged off the shock of the Citicorp move. The dollar closed up Y0.53 at Y140.03 in Tokyo and the Tokyo stock market rallied strongly.

He said the move was designed in part to demonstrate that banks would not so readily accommodate debt restructuring and new loan requests from borrowers, and were ready for a long fight.

Backing for double zero

Continued from Page 1 Although the French are hostile to

this notion, they do not take the Chancellor's remarks as yet indicating a final position. The French emphasise that, for them, the most important objective is a European accord on removing

longer range weapons (1,000 to 5,000 km range). Quentin Peel adds from Brussel the US will reach a decision on the double zero option even if its European allies fail to agree on a common response, a senior US diplomat said yesterday.

The warning was given in the light of the continuing divisions, particularly in West Germany, over the wisdom of accepting the removal of all INF weapons from Europe, as proposed by Mr Mikhail Gorbachev, the Soviet leader. The same official stressed, however, that Washington had yet to reach any decision itself on the issue, and that no deadline had been given to the Note allice to achieve a the Nato allies to achieve a con

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World Weather Procurement costs for the 212 a new European night-sighting syshelicopters to be acquired by the tem, still to be developed, together German army are now put at DM with a European motor. West Germany originally favoured US soluless than DM 3bn.

Helicopter costs soar

Continued from Page 1

through for Rafael into the European market and would also add a new dimension to arms purchases between West Germany and Israel. The scale of the PAH-2 cost over-

runs is underlined by Defence Min-istry figures given to the Bundes-tag's defence committee this week. The German share of PAH-2 dethree years ago. It is also considerably more than figures of around DM 1.5on circulating only a few The increase in PAH-2 costs is exmonths ago.

France will be putting up the same amount in development costs, but faces a lower procurement bill as it looks likely to buy fewer helicopters.

Additionally, the Bonn Defence

Ministry will have to spend extra for the so-called "interim solutions." The ungrading with night-fighting capability of the PAH-1s is forecast velopment costs is now put at DM capability of the PAH-Is is forecast 2.1bn, against less than DM 1bn three years ago. It is also consider purchase of US Apaches would cost plained partly by the decision to use

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May, 1987

FINANCIAL TIMES



Done reports

Sweden's self confidence has been badly undermined not just by the still unsolved assassination of its

Prime Minister, Mr Olof Palme, more than a year ago but by failings in the company sector, too. The challenge for its leadership now is to restore faith in what has long been regarded at home and abroad as a model society, Kevin

End of age of innocence

isolated and at ease in a north-ern idyll largely protected from the more unsavoury aspects of the modern world beyond its

While the assassination of Prime Minister Olof Palme was violent intrusion into one of Western Europe's most open societies, brutally marking the end of an age of innocence, the turbulent events that have followed in the last year have served as well to underline that the earlier comfortable security

of the "people's home." has been lost for ever.
Economically, doubts about the Swedish model may have set in long ago, but it is now other certainties and values that are conditionally ago. under strack, as previously respected institutions and authorities are called into ques-

The murder of Mr Palme, still unsolved after 15 months, is acting as an open wound, made acting as an open women, mater all the more painful by the growing catalogue of incompe-tence and mismanagement that is being revealed from analysis of the subsequent conduct of the

and the Bofors scandal. of Mr Palme on an open street in the first part of the judicial com-While the murder remains A recent opinion poll carried the centre of Stockholm have mission of inquiry into the

unsolved, the vacuum has been filled by endless, unsettling speculation, the growing sense of unease has been exacerbated by other events, too, which have added to the atmosphere of uncertainty and confusion.

The scandal surrounding the smuggling of arms by Bofors, the Swedish weapons manufacturer, has taken a long time to ripen, but recently, after months of speculation, the first facts have begun to emerge and have served to highlight the innate contradictions of Swedish arms export policies, while also casting a shadow over the country's role as a champion of peace and disarmament while at the same time an important supplier to the world arms

For several weeks this spring, Swedes have been treated to the unusual spectacle of a long list of ministers and senior civil servants being called before hearings of the constitutional committee (the parliamentary body charged with investigating the conduct of government ministers) to account for their roles in both the Palme investigation both the Palme investigation and the Bofors scandal.



Friday May 22 1987

den's capital, from the tower of the City Hall

out by Sifo, the Swedish opinion gradually been overtaken by a research institute, found that feeling of national embarrassmore than half of those quesment at the way the subsequent tioned believed that either government ministers or senior ducted.

While the Palme investigation Bofors to smuggle arms.

Around 40 per cent of those questioned believed that the Bofors affair was not an isolated crime, but that it was a sign of something rotten in the state of

murder.
The judicial commission says ment at the way the subsequent murder hunt has been con-

itself appears to have entered a calmer phase under its new leadership, all the doubts over the preparedness and ability of the police and other public authorities to deal with an event Sweden. Scepticism was strongest among young people.

The feelings of national shock and grief over the assassination by the publication this month of

wider implications of the

that the hunt for the assassin was not co-ordinated from the police communications centre, which meant that there was no overview or systematic search for the gunman in the first vital hours after the murder. So far the official inquiries

have shied away from holding individuals accountable, and have been far more interested in investigating how systems functioned. A majority of the constitutional committee found government ministers

conduct.
The investigation of alleged Bofors' wrongdoing has been under way for more than two years, but even before any for-mal charges hav been laid, the management of the parent com-pany, Nobel Industries, has now been forced to admit that it had illegally exported missiles to Dubai and Bahrain in direct contravention of Swedish arms export regulations, which forbid weapons sales to regions of

Anna Lindb

are gradually being subject to a new kind of scrutiny in Sweden, so too are ethics of the business and financial world.

Swedish business has been enduring its worst scandal of the post-war era in the shape of Fermenta, the embattled antibiotics and chemicals group. once the star performer of the Stockholm stock exchange, but since expelled from the bourse and brought to the brink of financial collapse.

The entire board, which included leading names of the Swedish industrial establishnt, was forced to resign at the end of last year, as a profits forecast issued at the end of October of SKr 1.5bn for 1986 has been transformed in less than four months to a loss of more than SKr 500m. The ousted former main shareholder and chief executive is under criminal investigation for serious fraud, board members are being sued for damages and a wide-ranging insider trading investigation is still under way.

The Fermenta scandal is one of several reasons why the authorities are now seeking to improve regulation of Swedish improve regulation of Swedish financial markets, which have grown at an unprecedented rate during the 1980s not least because of the virtually complete liberalisation of the domestic credit market.

A sophisticated and diversi-fied money market has been developed virtually from scratch in 1980. Stockholm now boasts two options markets with the first one showing record growth since it opened in mid-1985, while the stock market itself has jumped from a total capitalisation of SKr56bn and an annual turnover of SKr7.59bn at the end of 1980 to a market value of SKr40bn and a turnover of SKr142bn last year.

The dynamic growth of the financial markets has added a surprising new facet to the modern version of the social demo-crats' Folkhemmet, or people's home, creating even in heavily taxed Sweden a new yuppie elite, which Mr Stig Malm, head of LO, The blue collar workers trades union confederation sought to characterise in his May speech as 28-year-old spe-culators playing at their screens

in a grown-up kindergarten. While the financial authorities have pushed ahead with far-reaching deregulation in the conflict.

While the competence and ethical values of the authorities

far-reaching deregulation in the a lot are finding out the domestic markets—not least in hardly the middle way, a response to the winds of liber-certainly not paradise."

they continue to shy away from dismantling the core of the long-lived foreign exchange controls.

Sweden is also coming under important pressures to adapt domestic institutions and practices from another quarter. namely the European Community. The pressure is self-imposed, but Sweden, which rules itself out of direct membership because of its strict adherence to a policy of non-alignment and neutrality, is becoming deally concerned. becoming deeply concerned about the danger of being cut adrift from the European mainstream, as the Community moves to create by the early 1990s, its internal market for the free movement of people, communities services and capital modities, services and capital.

The need to harmonise its own institutions with those of the Community could have an important impact on those fea-tures of Swedish society, which for so long have served to set it. apart in the industrialised world.

Sweden still manages to combine the biggest public sector of any Western economy, the highest taxes, the narrowest wage differentials and the most highly-unionised workforce with one of the highest stan-dards of living, one of the lowest rates of unemployment and one of most vigorous industrial sectors, with an abnormally high number of successful multinational corporations with such names as Volvo, Ericsson, Electrolux, Saab-Scania, Asea, SKF Pharmacia and Astra.

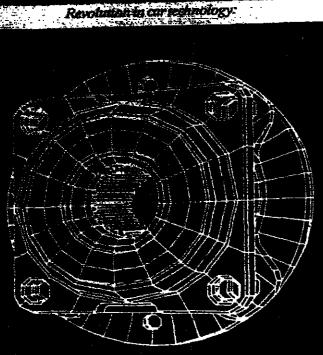
As the US Brookings Institu-tion remarked in a major study on the Swedish economy pub-lished earlier this year, the Swedish experience does not support the claims of those who believe that a large public sector and high tax rates neces-sarily lead to rigidities and stultification of the private

Whatever its achievements however, Sweden is still today a country with a troubled conscience, with more questions about its social institutions and values than it has answers.

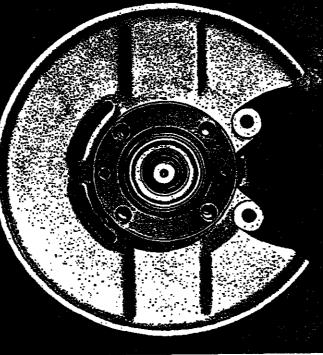
As Mr Carl Bildt, the young leader of the conservatives, the biggest opposition party observes: "A lot of Swedes are confused about what is going on. Many have seen our country as the middle way to paradise, but a lot are finding out that it is hardly the middle way, and it is

Changing the shape of bearing technology

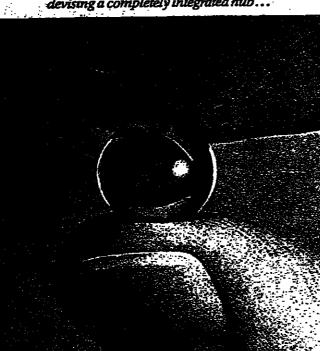




and state-of-the-art design ...



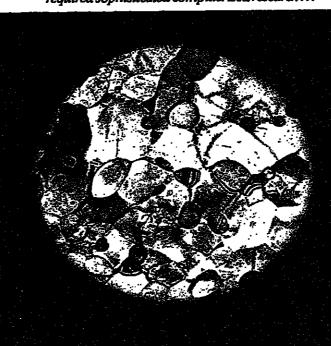
devising a completely integrated hub...



with precision assured in every component...



required sophisticated computerised research...



down to the micro world of our products.

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There are around 20 rolling bearings in a front wheel drive car, those in the wheels subjected to the most arduous conditions. Within this difficult area, SKF completely broke with convention - devising a single unit that combines bearings, hub, stub axle and suspension attachment functions.

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And SKF is devising many more sophisticated solutions - units, for instance, that solve the conflicting requirements of strength and reduced weight. In all ways, we're changing the shape of bearing technology.

Down to the micro-world of the bearing

Our search for new answers takes us deep into the micro-universe of the bearing - where micro-changes of a 10,000th of a millimetre are now common-place. And new bearing designs can yield energy savings of up to 80%.

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Now, by harmonising new theory with the reality of new technologies we have shown how bearing life-and reliability-can be prolonged nigh on indefinitely.

75 years of close customer co-operation has given us the expertise to create a virtually boundless programme of ball, cylindrical, taper and spherical roller bearing types in some 25,000 variants. From miniatures weighing three hundredths of a gramme to giants weighing 500 million times more. Assuring our customers worldwide of the exact bearing for every application. And ultimate reliability.

At SKF, our contribution to the automotive industry will continue to evolve.

SKF. The exact bearing.



and the state of t

Change of style for a new era

entered a new era in the wake of the assassination of Mr Olof Palme. The change in style, if not in substance, has been considerable, but the contours of the new political landscape are still indistinct.

Three of the major political parties, the Social Democrats. the Centre Party and the Conservatives, have new leaders who have yet to fight their first election campaigns. At the same time the environmental party, the Greens, has emerged as a new joker in the pack. In a sucnew joker in the pack. In a suc-cession of opinion polls during the spring they have finally cleared the 4 per cent hurdle, the threshold for election to the Swedish parliament.
The established parties,

which have already strengthened their own political profiles on environmental issues, are not yet taking the possibility of a breakthrough by the Greens at the next election, in September 1988, very seriously.

A miscalculation could prove costly, however, and the Greens might just succeed in breaking the traditional political mould in Sweden. It remains to be seen whether their fledgling organisation and untried policies could stand the intense scrutiny of an election campaign, but the Greens could end up holding the balance of power, given the fine margin that normally separates the socialist and non-socialist blocs

in Swedish politics.
The harsh tones that often characterised the domestic Swedish political debate during Mr Palme's 17 years as leader of the Social Democrats have seldom been heard in the last 15 months. The assassination of the Prime Minister created an overriding wish for national unity, which has supported the move back to a less con-frontational style of politics.

Recent attempts by some of the Opposition leaders, most notably Mr Carl Bildt, the young leader of the Conservatives, to inject a more aggressive note, have tended to backfire.

The more sober, measured style of Mr ingvar Carlsson, Mr Palme's successor as Prime Minister and leader of the Social Democrats, is more the norm for Swedish politics. "If there was anything that was an aberration, it was Palme. He to be closer to the Social Demo-was a very un-Swedish politi-crats than to the Conservatives

was a very in-Swedish politi-cian," Mr Bildt says.

The opportunities to score points off the government have not been lacking, but the non-socialist opposition parties have appeared strangely incap-able of capitalising on the Social Democratic administra- Mr Ingvar Carlsson has also accusing Mr Sten Wickbom, the tion's discomfiture on a series drawn some of the Opposition's Justice Minister, of being a

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sultants.

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ling equipment.



teeth by seeking to involve the non-socialist parties in a series

of talks on key issues, as earnest of the government's intent to

At one stage earlier this year the party leaders were meeting

so often that political commen-tators began to suggest that Sweden was moving towards some form of national coalition

Mr Carl Bildt leader of the

defence and energy policy were

largely shadow-boxing. The only issue on which there was "an

exchange of views of some sub-stance" was the reorganisation of the Palme murder inquiry.

Mr Carlsson was careful to

keep the Opposition leaders closely informed as the Govern-

ment finally intervened in early

February to resolve the organisational chaos into which the

murder hunt had degenerated.

While much remains to be brought to light about the deficiencies in both the coun-

try's preparedness to deal with

an assassination attempt on a political leader, as well as the organisation of the murder hunt

itself, the Government has man-

aged to avoid damaging censure of its own role with a majority of

the constitutional committee, the parliamentary body that examines ministers' conduct in

office, claiming this month that

temperture on the issue by accusing Mr Sten Wickbom, the

ANNUAL REPORT INDEX 1987 During recent years Sweden has done much to restore its position as one of the world's leading trading nations.

The country's economic recovery and the increasing presence of Swedish

corporations in the international marketplace are major factors in positioning

Sweden as a highly attractive market for international investors.

frontation.

sensus rather than con-

of issues over the last year ranging from the furore over illegal arms exports, to divisions over South Africa, timing of the phastics of the

South Africa, timing of the phasing out of nuclear power, and the extraordinary fiasco over the handling of the Palme murder inquiry itself.

During the spring Swedes have been treated to the spectacle of a succession of government Ministers and key officials including the Prime Minister being called before the all-party parliamentary constitutional parliamentary constitutional committee to be questioned on their handling of these issues, but as yet the political fall-out appears to have been limited. The non-socialist opposition parties have scarcely given the impression that they represent a viable alternative government and have often been split on key

The Liberals, who staged a powerful revival at the last elec-tion in 1985 under their new leader Mr Bengt Westerberg, broke ranks in the early spring and supported the Social Demo-crats on defence spending. At the same time, the Conservatives were left isolated in oppos-ing a trade boycott of South Africa, and as ever the non-socialist parties are badly split over the issue of nuclear power and the timetable for phasing out Sweden's 12 nuclear reac-tors. The Liberals also appear

on ideas for tax reform. The Social Democrats them-selves have also faced difficult internal conflicts on several issues, but a divided Opposition has failed to exploit their wulnershility.

Sweden

Over the next few weeks the Swedish Annual Report

Index will highlight key details from the latest annual

Procordia is a Swedish industrial group with an

international outlook. The turnover in 1986 amounted

to 15.3 billion Swedish kronor, of which some 35%

was generated abroad. The profit after financial items

Procordia's activities are concentrated in the Ser-

vices, Consumer Goods, Chemicals/Pharmaceuticals

and Engineering fields. The choice of these business

areas is intended to create a balance between mature

and young, growth businesses, between high risk and

less capital-intensive activities. This gives the Group financial stability and a platform for future develop-

The Services sector includes SARA, one of Scandina-

via's largest hotel chains, fast introducing its service

concept in new markets such as China and the USA.

The sector also includes security services, educa-

tional products and architectural and building con-

The Consumer Goods sector markets a wide range of food products, ranging from natural medicines to dry

foods, desserts and snacks. The Swedish Tobacco Company competes successfully against large multinational tobacco companies. It is also the world's

Pripps and Falken are the names of Sweden's two largest brewing companies in beer and soft drinks.

The pharmaceutical company, KabiVitrum supplies

world markets with advanced products in Nutrition,

Growth hormones and Haematology, while ACO

Läkemedel is in basic drugs, primarily in the Swedish

market. Berol dominates the Chemicals sector and is a producer of ethylene amines, ethanol amines and

The Engineering sector consists of a large group of companies foremost in transport and material hand-

largest producer of smokeless tobacco products.

They were recently acquired by Procordia.

reports of a series of leading Swedish corporations.

amounted to 901 million Swedish kronor.

"Cabinet Minister, who knows nothing, does nothing and wishes for nothing ... we have been forced to watch how our most important criminal investigation in modern history has degenerated into the disor-der of a hen-house.

The attack fell largely on deaf ears, however, as the Govern-ment chose to deal with Mr Bildt largely by ignoring him, a tactic which hitherto appears to have resped considerable dividends. Mr Bildt may now be willing to take off the gloves in the political arena in the belief that 15 months after the assassination it is back to business as normal, but he lacks a willing opponent. The Social Democrats— The Social Democrats—despite the long-running "affairs" over arms smuggling and the Palme investigation and the Faime investigation-have continued to dominate the terms of the Swedish political debate. They stand in a much stronger position midway through the parliamentary term, than they did before the

1985 election. And even a commentator in Svenska Dagbladet, Sweden's leading Conservative newspaper, was forced to admit recently that: "The most bitter truth for the three (non-social-int) matter if the the ideal ist) parties is that the ideolo-gically most significant—if not the most far-reaching-opposi-tion to the direction of Social Democratic government policy comes from one of the govern-ment's own members, Finance Minister Kjell-Olof Feldt.

Conservatives since last summer, insists, however, that most of the all-party meetings on issues such as tax reform, In area after area he allows himself controversial rein-terpretations of what social democracy can ideologically accept and what is desirable from an economic point of

Certainly if the last poll by Sifo, the Swedish Opinion Research Institute, is anything to go by, the Socialist bloc is set fair for yet another victory in next year's general election. The Social Democrats and the Communists together gained Communists together gained 50.1 per cent of the support compared with only 42.1 per cent for the three non-socialist parties, the Conservatives, Liberals and Centre Party.

Centre Party.

At the same time Mr Carlsson enjoys a clear superiority in personal popularity. In a poll published by IMU in March to gauge voters' confidence in the different party leaders, Mr Carlsson scored 72 per cent compared with 50 per cent for Mr Bengt Westerberg, the Liberals' leader. 29 per cent for Mr rals' leader, 29 per cent for Mr Olof Johansson of the Centre office, claiming this month that there was no cause for criticism.

The Conservative leader tried in March to raise the political leader, and only 25 per cent for temperature on the issue by Mr Bildt, the Conservatives.

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"I still look very young and that can be a problem, and I might be seen as too intellectual," admits Mr Carl Bildt, since last summer leader of the Swedish Conservatives, the country's big-

gest opposition party.

The last few months have proved heavy going for the blond, bespeciacied Bildt, who has seen support slipping in the opinion polls both for his party and for himself personally as party leader.

Palme murder.

The son-in-law of Mr Gosta
Bohman, Conservative Party
leader from 1970 to 1981. Mr
Bildt has risen rapidly through
the Conservative Party ranks
making his name as the party's
leading spokesman on foreign
affairs and security policy and
becoming the youngest party
the age of 37.

livonically his rise to national officials and others on its inprominence was helped to no small degree by Mr Otof Palme, who was leader of the Social Democrats for 17 years until his assessination.

A series of parliamentary battless during 1983 between the Mr Palme from mounting a small the power base he

Profile: Carl Bildt

Facing sceptics in electorate

party leader.

There can be no doubting his party credentials for the job, but Bildt faces an uphili task in security policy, in which Mr establishing his political credibility with a still sceptical electorate.

Mr Bildt's liking for polemics and confrontation can tend to make him appear churlish on a Swedish political stage where a wish for consensus has dominated in the months after the Palme murder.

Social Democrats and the Conservatives over foreign and security policy, in which Mr Palme at one point accused the Conservatives of being a security risk, proved that Mr Bildt was more than capable of looking after himself. The political wranging culminated in the months after the of the special commission set up by the government in late 1982

heated strack against Bildt for showing "a most serious lack of judgement " in undertaking the

indgement "in undertaking the trip.

Leaked reports from a meeting of the Swedish foreign affairs council suggested that Mr Paime had accused Mr Bildt of damaging Swedish neutrality.

The affair was blown out of all proportion by Mr Paime, but by the time emotions had cooled down, Mr Bildt's reputation had become firmly established as an incisive debater able to face down the redoubtable Mr Paime in a policy area that the then Prime Minister had come to regard as his own exclusive preserve.

Says one political comments When the Bildt affair was over, everyone knew who Carl Bildt was. And everyone won-dered who Olof Palme was."

needs in the country.

Whatever else there can be no doubling Mr Bildt's commitment to politics. He foresock his studies at Stockholm University in 1973 to become political secretary of the Conservative Party and a member of of Stockholm country coucil in 1974.

From 1979 to 1981 he had a central role in the coalition government's Cabinet office at the Conservatives' under-activity of State for Co-ordination and of State for Co-ordination and Planning and he played an important rule in the conserva-tives' decision to leave the government after a bitter disagree-ment with the other non-social-ist parties over income tax

Profile: Anna Lindh

Emergence of a bright star

term, when the SSU conference begins at the end of the month

under the slogan " the future is Sweden's Social Democrats have maintained an unpre-cedented hold on power, having governed Sweden either alone or in coalition for 49 of the last 55 years, and many of its future ministers including Mr Olof Palme and Mr Ingvar Carlsson (SSU Chairman from 1961-67) have received their formative political training in the SSU. It is the proving ground of a formidable political machine.

After taking a law degree from Uppsala University, Anna Lindh was already in parliament in 1982 at the age of 25—at the time Sweden's youngest MP—but she resigned a the 1985 election to avoid any conflict of interest between her position as SSU Chairman and her membership of the Social Parliamentary Democrats'

IF PAST precedent is anything Group.

to go by 29-year-old Ms Amax
Lindh must have one of the brightest political futures in scourge of the party leadership, but at the same time as a member of the party rational. sweden.

Since 1984 she has led the ber of the Party's national ber of the Party's national executive committee, she is also movement (SSU), and is assured taking part in the innermost circle of being elected for a second cle of party policy making

cle of party policy making.

The SSU is itself a considerable undertaking with a full-time staff of 90 spread around the country and a membership of 55,000. Anna Lindh, who rules over this youthful empire, hardly has a traditional working class background. Her father is an artist, her mother a primary school teacher, and she grew up in a country district of central

Sweden.
"I don't have a political background. My parents were rather progressive, but my relatives and the countryside where I lived were basically conserva-

five."

From the age of 13 she had

Started to become politically social Democratic youth leader active, first in the Vietnam movement and therein the SSU.

The destruction of the same of the same around the country.

Social Democratic youth leader was taken up with the vexed movement and therein the SSU.

mentors.
Political ambition persuaded

Political ambition persuaded her in 1984 to take the SSU Chairmanship, even at the cost of losing her seat in Parliament and giving up ambitions of practising as a lawyer. "As Chairman of SSU I am also on the Parly executive committee, the heavy then the form of the party executive committee. it's better than just being one of 167 MPs." There is a steely, ideological,

glint from the clear blue eyes that gaze confidently through a hig pair of spectacles framed by long, unruly blond hair, but Anna lindh is adept at using a disarming sense of humour and ready laughter to lighten the political message.

She generates a sense of pentarticulate speaker well-used to addressing the party faithful at Social Democratic rallies

By the age of 18 she was a memindustry and arms smuggling by hour working day will be reality town of Enkoping. For some years she worked in the Labour movement's peace forum with Alva Myrdal, who she regards as specifically Bofors—and an Kevin Done

eventual complete ban on arms exports.
The spirit of Alva Myrdal was evoked on this occasion too, She managed to work with the menaged to work with the most important question of our time, the fight for peace and survival. That is needed in a world where the US alons is producing 10 new H-bombs a day, and where there are enough nuclear weapons to kill

humanity 50 times over."
For all its radical postures Anna Lindh claims that the SSU has become much less dogma-tically left-wing than it was

sarlier.
Arms production, the banks and the pharmacenticals industry are the only sectors that are still seen to be ripe for plucking into state ownership, but otherwise the emphasis has been shifted to the need for greater "workplace democracy."

The SSU is also pushing hard for shorter working bours, an issue to which the Swedish trades unions bave hitherto given only spasmodic support. If Anna Lindh has her way the six-

The economy

Adding up the sums

THE SWEDISH ECONOMY has made impressive progress since the early 1930s, when the country was still considered one of the sick men of Europe.

Inflation has fallen Last year the iflation rate at 3.3 per cent (December to December) was the lowest since 1968. The current account of the balance of payments is in surplus and the public-sector budget deficit has been cut significantly as the brakes have been applied to public-expenditure increases.

The big devaluations of 1981 and 1982, totalling 26 per cent, gave a big boost to exports and to industrial companies increases since the big turnround in the current account, which risks.

April, the Swedish Finance Ministry acknowledges the tribution to the big turnround in Ministry acknowledges the tribution to the big turnround in Ministry acknowledges the time tractount, which risks.

SKr 6.7bn from a deficit of increases are still considerably higher than in Sweden's most important competitor countries and the lower US and that consumption has accounted for too large a share reduce the budget deficit and the foreign debt burden.

Even Mr Kjell-Olof Feldt, the Swedish Finance Minister, would admit that the economic growth over the last two years at the expense of capital formation.

"If this pattern were to become permanent, the progress achieved so far may be reversed," the Finance Ministry acknowledges the tribution to the big turnround in Ministry acknowledges the tribution to the big turnround in Ministry acknowledges the tribution to the big turnround in Ministry acknowledges the tribution to the big turnround in Ministry acknowledges the tribution to the big turnround in the current account, which risks.

It admits that price and cost important competitor countries and the lower US and that consumption has accounted for too large a share of the economic growth over the last two years at the expense of the economic provent over the last two years at the expense of the economic growth over the last two years at the expense of the devaluations of 1981 or the progr

substantially strengthened company finances.

Order has been restored to the economy without the parallel cost of high unemployment and Sweden can still boast one of the lowest rates of open unemployment in Europe at around 25 per cent (although that figure can be almost doubled if it is made to include those employed on job creation, training and other labour market support measures).

haunted by its old proniems. These are a higher rate of inflation than in its main trading partners and an inability to contain wage costs at levels that do not erode the country's international competitivenss.

Already last yer, Swedish industry was losing market share both at home and abroad, at a time when its competitiveness was in fact being shored up by a further significant devaluation of the Krona. The workings

and pump-priming to stimulate have been encouraged by past growth on the other.

Growth was supposed to be dated high wage increases led by increased exports and higher investment. Sweden was clations.

Supposed towork and save its A study on the Swedish economy published earlier this ple of years in 1983 and 1984 that happened.

In the last two years, however, Sweden should adopt a flexible with real wages finally rising exchange-rate policy in order to

sumption to generate expansion report.

and the overall growth in economic activity has been slowing policy based on continued down.

and 1982, totalling 26 per cent, gave a big boost to exports and to industrial competitiveness. They also led to a surge in corporate profits, which has substantially strengthened company finances.

Order has been restored to the first and the oil price fall have substantially strengthened company finances.

Order has been restored to the first and the oil price fall have substantially strengthened company finances.

These are a higher rate of inflational transfer and the oil price fall have substantially strengthened company finances.

training and other labour market support measures).

The Social Democrats, who
regained power in the 1982 election after six years in the political wilderness, coined the
phrase "the economics of the krona was devalued signifiphrase "the economics of the cantly against the D-mark and
third way" to describe their
strategy. It aimed for economic ciation of the US dollar.
recovery without either tough
In its recent report on
cuts in public expenditure and
Sweden, the OFCO points out

cuts in public expenditure and Sweden, the OECD points out high unemployment on the one that the tendency for wages to hand, or lavish public spending rise faster than warranted may and pump-priming to stimulate have been encouraged by past

with real wages finally rising exchange-rate policy in order to after several years of decline, maintain the country's interthe economy has become national competitiveness, increasingly dependent on although such a strategy is higher private and public con-firmly rejected by the OECD

down.

Last year, Swedish gross appear viable in the longer run.
national product (GNP) grew by Exchange-rate adjustment
only 1.3 per cent—much less would probably be built into
than officially expected. The expectations and wage claims,
country could thank only fortunate external developments for inflation/devaluation spiral
the fact that the economy developing." It adds that other
remained in such good overall ways of reconciling the targets
shape.

shape.

The sharp fall in the oil price tion must be sought and the weaker US dollar In its revised budget for 1987-helped to bring down inflation 88, presented at the end of

taken from the OECD report. In 1987, it is again private consumption that is the main impetus for growth with an estimated increase of 3 per cent after the jump of 4.1 per cent in after the jump of 2.7 per cent in 1985.

Net exports will be negative for the third year running, with an increase of 3 per cent in exports likely to be matched by an 8 per cent jump in imports.

The weak development of exports and the strong expan-sion of domestic demand are expected to have a significant impact on the current account, although it should remain in surplus. The Swedish Government is forecasting a small sur-plus of SKr 1bn compared with a surplus of SKr 6.7bn in 1986.

quickening again and many economic forecasts are predicting sains.
an increase of up to 5 per cent. by December this year, although the Government forecast is characteristically more optimis-tic at 4 per cent (December to

Inflation in Sweden as measured by the consumer price index has been persistently higher than in most other OECD countries, and although the gap between inflation abroad narrowed and inflation abroad narrowed. the second half of 1985 and the first half of 1986, there has been no clear tendency since

The Government has concluded, hardly surprisingly, that there is only "very limited" room for wage cost increases

Alongside the revised budget, Mr Feldt has made the revolutionary announcement that the Swedish Government intends to impose cash limits in the state sector next year as a way of curbing what it considers to be excessive and inflationary pay settlements.

Winds of reform

THE WINDS of tax reform blowing elsewhere in the world have also reached Sweden. An intensive debate is under way as the parties prepare their political platforms ahead of next year's general election Sweden has the heaviest lax burden in the Western worldand one of the most ambitious public sectors to support—with taxes equivalent to 51-52 per ent of gross national product. Earlier this year Mr Kjell-Olof Earlier this year Mr Kjell-Olof Feldt, the Finance Minister, put forward a preliminary discus-sion paper as part of the developing debate within the ruling Social Democratic Party. This is expected to form the basis of a more detailed tax reform programme to be pre-sented to the party conference in the autumn It is still for from clear whether Mr Feldt can win party

backing for a programme in which cuts in marginal tax rates will be one of the main priorities, and his proposals could be watered down before they pass the conference.
At the same time, the Social

At the same time, the social Democrate are in a minority in the Riksdag.

The reforms suggested by Mr Feldt sim to lower income tax rates at the cost of reducing basic allowances and other tax-deductible items. At the text nent is forecasting a small sur-plus of SKr 1bn compared with a surplus of SKr 6.7bn in 1996. The rate of inflation is suickening again and many eco-

The Government has held one round of talks with Opposition party leaders during the spring to explore what common ground there might be, but the discussions were inconclusive. It is now expected that an all-party commission of inquiry could be established before the end of the year. the rear.
Mr Feldt accepts that

Sweden's present taxation sys-tem with its very high tax levels is an "invitation to tax evasion

is an "invitation to tax evasion and tax avoldance. It leads to an increased informal or groy economy with the exchange of sorvices and low productivity in personal employment. It leads to difficulties in wage negotiations and adds to the problems of fighting infistion."

The multiplicity of tax deductions and high marginal rates are a "moral problem for society" by inviting tax evasion, he says in the discussion paper.

Controversially, he has insisted that whatever reforms are agreed there is still no room to reduce the overall burden of to reduce the overall burden of taxation at least before well Kevin Done | into the 1896s.



SWEDEN'S DECISION to sweden's Decision to impose a unilateral boycott on trade with South Africa has marked a unique departure from the principles of neutrality the country has followed for almost all the the post-war period.

At the same time the country's

At the same time the country's relations with both Superpowers appear to be more relaxed than for many years. Mr Ingvar Carisson, the Prime Minister, visited Moscow last year, one of of his first foreign visits after taking over the prime of the same taking over the prime ove visits after taking over as Prime Minister, and he is due later this year to make the first official visit to Washington by a Swed-ish leader for more than 25

Sweden faces serious challenges on other fronts, however. Its relations with Singapore, an important trading partner in the Far East, have been clouded by the Bofors arms smuggling scandal, in which the Swedish arms company appears to have used Singapore, with the help of local state-owned companies, as a state-owned companies, as a base for the re-export of arms to countries that are banned under Sweden's arms export regulations

Sweden is also seeking to come to terms with the adjust-ments that will be required by the far-reaching reforms under way in the European Commun ity aimed at creating an open favour of internal market with a free flow sanctions. of goods and services by the early 1990s.

the European Community, and the country has been deeply it has had to rely instead on the reluctant to take any action that working of the free trade agree—might undermine the credibility ments between the Community of international law, and in this and the countries in Efta (Euro-case the beycott is in breach of pean Free Trade Area) includ- the regulations in the General

ming Sweden.

Mr Sten Andersson, Foreign
Minister, warned earlier this year, however, that Sweden traditionally have been in the must participate in the new vanguard of Swedish opinion on the South Africa question but the South Africa question and the South Africa question an

and the Government's response, initially at least, was far from

convincing. Reluctant to take a step which might serve as an uncomfortable precedent for the future, the Government delayed as long as it could by seeking to wait for a decision in favour of sanctions in the United Nations Security

Together with the other Nordic countries. Sweden has
worked for years to bring about
a positive decision at the UN in
however, to win unanimous

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Foreign policy

Challenge to neutrality





has been a marked improve-

ment in the dialogue between

Vietnam War—and it is signifi-cant that during all his 17 years as party leader Mr Palme was never invited to make an official

Washington for consultations.

visit to the US.

Prime Minister Ingvar Carleson (above) and his Foreign Minister, Sten Andersson.

favour of binding and effective backing from all the Opposition

Swedish policy earlier ruled early 1990s. Out participation in any sanc-Sweden's neutrality policy tions not approved by the UN has ruled out membership of Security Council. In addition,

wave of developments in the Community, "otherwise we are in danger of becoming isolated—economically, technically, scientifically and culturally."

The issue of a South African trade boycott became the first major foreign policy challenge faced by Mr Ingvar Carisson after taking over as Prime Minister in the wake of the assassination of Mr Olof Palme, and the Government's response, cil would be the most effective in the Walk of the care of the most effective wave of a South African trade boycott became the first major foreign policy challenge faced by Mr Ingvar Carisson after taking over as Prime Minister in the wake of the assassination of Mr Olof Palme, and the Government's response, cil would be the most effective

sweden has argued that man-datory sanctions decided by the United Nations Security Coun-cil would be the most effective means of speeding up abolition of the apartheid system by peaceful means, but this line of action was finally blocked in the Security Council in February by vetoes from the US and the UK.

In the face of the UN failure the government clearly felt that it had little choice but to impose a unilateral trade boycott if the credibility of its Southern

parties with the Conservatives declaring that they could not support a move that might damage the country's neutrality policy.

The Swedish Foreign Minister argues that "on this issue Sweden cannot be suspected of acting on behalf of any power bloc or in the interest of any individual state. Nor are we in danger of finding ourselves in conflict with any great power or of being forced to take a stance vis-a-vis the antagonisms between the great powers."

The trade boycott "is an isolated conference instiffed by

ter of the apartheid issue," the Foreign Ministry claims. The trade embargo legislation will take effect on July 1, but the embargo itself will first come into force from the beginning of October allowing companies three months to wind up their trading links with South Africa. Initially the embargo covers goods and not services, and the

lated occurrence justified by the completely unique charac-

government is for the moment not taking any direct action to force Swedish companies with subsidiaries in South Africa to dispose of their local opera-tions, although Mr Andersson maintains that "it is my princi-pled belief that Swedish com-panies should pull out of South

In more recent years trade relations have come under pressure as US concern grew that Sweden was being used as a conduit for the illegal export of US high technology equipment working life.

Kevin Done Trade sanctions against South Africa are one of a series of international issues on which

Stockholm.

to the Eastern bloc. It is a sensitive issue for Sweden which is vitally dependent in many areas of its industry on the import of high technology components from the US.

Tougher regulations introduced by Stockholm last year appear to have calmed US concerns, however, and diplomatic

cerns, bowever, and diplomatic activity aimed at resuming a top-level dialogue between the two countries was started about 15 months ago, before the assassination of Mr Palme. The last Swedish leader to make an

last Swedish leader to make an official visit to the US was Mr Tage Erlander in 1961.
Priority in the talks between President Reagan and Mr Carlsson in September will be given to the establishment of a top-level political dialogue between the two countries, to export control, to achieving a better balance in US trade with Sweden, and to international Sweden, and to international questions such as South Africa, Central America, the Middle East and disarmament.

In terms of relations with the European Community, the gov-ernment is becoming ernment is becoming increasingly anxious that Sweden might be left behind in a process of reform that is of the utmost importance for Swedish industry, whose biggest market is in the Community.

"Above all, new barriers must be avoided between Sweden and the EC countries," says Mrs Anita Gradin, the strongly at odds with the US.
Stockholm has also
been outspokenly critical of US
actions in Central America—but
over the last 15 months there Foreign Trade Minister. She is seeking to ensure that Sweden continues to receive equal treatment when it is no longer a ment in the dialogue between the two countries.

Sweden was one of the most vociferous critics of US foreign policy among Western countries during the years that Mr Olof Palme was Prime Minister—in particular during the era of the Vietnam War—and it is significant to the Swedish government as it is foreign to the Swedish government as it is foreign to the Swedish government as it is foreign to watch FC develop.

is forced to watch EC develop-ments from the outside are that:

Swedish companies are not discriminated against in public procurement;

Mr Palme badly soured rela
• The country's products do not tions in 1968 when, as a Cabinet have to be given more thorough minister, he marched at the testing than those from the EC head of a torchlight demonstration through central Stockholm • Patents and trademarks alongside North Vietnam's receive the same protection as ambassador to Moscow. Shortly those in EC countries;

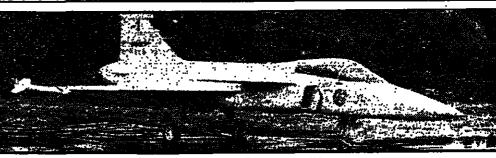
afterwards, the US ambassador • Swedish students and to Stockholm was recalled to travellers have the same freedom of movement as citizens of the EC countries.

There was further strain at the end of 1972, when Mr Palme compared the US bombing of Hanoi with earlier atrocities such as Guernica, Lidice, Sharpeville and Treblinka. For two years from mid-1972 to mid-1974 the US had no ambassador in the EC countries.

Trades unions and some other interest groups in Sweden are still suspicious about the developments, and the government clearly faces a considerable task in convincing some of its supporters that the process of creating a West European the US had no ambassador in of creating a West European home market must also concern very large parts of the Swedish administration, Swedish indus-

anvidues in the world is symbolized by

another of Statisticals famous customers tracking around the world



The Seeb Jas 39 Gripen fighter is to start test flights later this year.

Dismay at budget rise

FOR THE first time in 20 years, Sweden's defence budget is set, for a real increase over the fiveyear period 1987-92 with priority to be given to improving both

naval and air defence.

However, the 1.2 per cent increase (equivalent to SKr 6.2bn over five years) looks stingy considering that the surrounding countries are increasing their defence expediting by 3 per cent defence spending by 3 per cent

on average. So while the defence staff welcomed the apparent reversal in government attitude, they were quick to add: "We are still going to become gradually weaker, but more slowly than before."
The opposition Conservative and Centre parties had both pushed for a much greater in-crease in defence spending and were dismayed when their nonsocialist ally, the Liberal Party, opted to support the ruling Social Democratic Party's modest proposal.

As the Supreme Commander, Bengt Gustafason, pointed out, Swedish Defence has weakened over the past 15 years with a 50 per cent reduction in aircraft and a 30 per cent cut in ships.
Defence spending as a percentage of GDP was 2.8 per cent
in 1986, yet Bengt Gustafsson
has emphasised that in order to

be effective, defence spending should rise to 3-3.5 per cent of GDP in the 1990s. The small increase, which

will be financed by raising oil taxes and selling off part of the country's oil reserves, is seen as a necessary response to Soviet build-up in the Baltic and on the Kola Peninsula as well as to the increasing number of foreign submarine intrusions in Swed-

rais build-up, in the event of 1987. It should be in operation war, could threaten Nato's communications across the Atlantic, and means that Scandinavia is important strategically. With the Soviet Union's main ship-building and repair bases situated on the Baltic coast, control of the entrance to the Baltic defence commended increasing their air defence with an additional trail.

the event of war.

From a Swedish point of view, the main problem is submarine incursions (identified as coming from the Warsaw Pact), but with 2,700 kilometres of coastline to defend, this poses a consider- training and refresher courses able strain on the defence given to conscripts and said that forces. Military experts calcu- Sweden needed new helicoplate that Sweden needs at least ters, new missiles (for use in

struction and scheduled to times higher, while Air Force come into operation in the and Army technicians are often 1990s. These are small-hulled, snapped up by industry.

multi-function ships, about 50 In the next Five Year Plan 1890s. These are small-hulled, multi-function ships, about 50 metres long and 300 tonnes in weight, armed with torpedoes, missiles and cannon.

The defence minister, Mr Roine Carlsson, described them as "metal monstrosities" only used by the navy for showing off, but was later forced to eat his words as naval staff complained

bitterly.
Sweden has 12 submarines of its own, to be increased to 14 during the 1990s. The plan is to gradually scrap the old models and replace them with the new class of submarine under development at the Kockums yard.

submarine intrusions in Swedish coastal waters.

The Soviet Union has built up its marine forces including nuclear submarines since the 1960s. The Kola Peninsula, geographically considered a part of Scandinavia, houses the major soviet naval bases and 70 per cent of their second-strike capability in war.

When it comes to air defence, the most important project is fFV, the state-owned defence administration. But as they are quick to point out, it is no use upgrading equipment unless the account of their second-strike capability in war.

When it comes to air defence, the state-owned defence administration. But as they are quick to point out, it is no use upgrading equipment unless to air defence, and grenade-launchers from flexible combat aircraft which has been developed to serve the esparate functions—resources to make good equipment unless sources to make good equipment unless the Jas 39, the new generation and grenade-launchers from flexible combat aircraft which has been developed to serve the expension. The Jas 39 was rolled out in April and is expected to start test flights by the end of such factors.

This build-up, in the event of 1987. It should be in operation

of the entrance to the Baltic defence with an additional two would play an important part in the event of war.

The air staff have been pressing

The committee recognised the need to raise the standard of three main separate forces to coastal defence), better intellidefend the coast adequately—
today it has the equivalent of to keep military personnel in one such force.

The main defences against In recent years, the defence submarines are the coastal corforces have lost trained pilots to vettes of which Sweden has two SAS, the Scandinavian airline, with another four under con-where salaries are three to four

(1992-97), Sweden has to decide how to improve its tank forces, which are largely equipped with the British Centurion model, dating from the 1950s, and the Swedish-built S-tank, which was built in the 1960s.

Developing and building new tanks at home is probably too expensive, and Sweden is likely to buy the German Leopard tank Special priority will also be given in 1992-97 to improving basic equipment. The armed forces buy cannons, guns and missiles from Bofors (the ordnance division of Nobel Indus-tries), and explosives, mines



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SWEDEN 4

Stockmarket

Companies under scrutiny THE SWEDISH bourse has called new heights this year Sweden: Demand and Output maintain a strong arms industry with the highest possible degree of self-sufficiency and at the same time help to preserve world peace by preventing these arms from falling into "unsuitable" hands?

THE SWEDISH bourse has scaled new heights this year with the Veckans Affaerer total index breaking through the 1,000 mark, though it has since fallen back. The index has increased by more than 70 per cent since the beginning of 1986, and by more than 200 per cent ince the ctat of 1982 while since the start of 1983, while total turnover in 1986 reached

an all-time record of SKr141.7bn.

Despite the appetising figures, the picture during 1986-87 has not been entirely rosy, however, and a black cloud appeared in the form of Fermenta, the scandal-riddled anti-blotics and chemicals group. biotics and chemicals group. Fermenta was once a glamour

stock on the Stockholm bourse, and its free shares peaked at SKr325 in January 1986. A year later, the stock was delisted, following a long series of misde-meanours which began with the admission by Mr Refaat El-Sayed, the former chief execu-tive, that he did not have the qualifications he had originally

laid claim to.
The stock exchange board delisted Fermenta on the grounds that it had given out false information in its annual and interim reports and that its forecasts for 1986 had been grossly misleading. The shares now trade at close to SKr20 on

the unofficial market.

Fermenta's rapid fall from grace during 1986 shook confidence in the stock market and left people wondering how so-many private investors as well as respected business names could have been hoodwinked

for so long.
While the new board has come up with a financial rescue package for the troubled company.
Mr El-Sayed now faces personal
bankruptcy and has been officially informed that he is suspected of fraud, book-keeping crimes and breaches Sweden's Companies Act.

A number of former Fermenta board members are under investigation by the police for using inside information about the company when trading its

Fermenta is not the only company which has come under scrutiny in connection with suspected insider trading offences. The bank inspection board has investigated a number of recent take-overs where shares of the target companies showed strong increases in price and trading volumes shortly before the takeover plans were publicly

		Percent	age ch	ange in 1	rokime
SKr(bri) (current prices)	1985	1984	1985	1986	1987
Consumption	678.4	1.8	2.4	2.3	1.9
private	438.6	1.4	2.7	2.8	2.5
public	239.8	2.4	1,9	1.4	1.0
Gross fixed investment	164.8	5.1	6.3	0.0	3.5
residential construction	35.4	7.4	1.1	-5.0	5.0
private*	77.8	10.3	11.5		5.0
public (non residential)	51.6	-2.8	2,9	4.7	0.7
Final domestic demand	843.2	2.4	3,2	1.8	2.3
Change in stockbuilding	-1.4	†0.7	10.6	1-0.1	†0.5
Total domestic demand	841.8	3.2	3,9	18	2.8
Export of goods and services	303.6	6.7	2.3	2.5	4.5
goods	258.7	7.9	3.2	3.0	4.8
imports of goods and services	282.9	4.5	7,7	3.7	6.0
goods	246.3	5.4	8,1	4.2	6.5
GDP at purchasers' values	862.5	4.0	2.2	1.4	2.4
ndustrial production		5.6	2.0	2.0	4.0
industrial investments		16.6	19.2	0.0	10.0
Producer prices		8.6	5.6	2.0	3.5
Trade balance SKr(bn)		24.4	16.1	34.0	28.0
Current balance SKr(bn)		3.3	-9.5	10.0	3.0
Total employments		8.0	1.0	0.6	0.4
Unemployment rate‡ Disposable income		3.0 9.1	2.8 9.3	2.7 7.7	2.9 7.5

Incl. merchant fleet. † Change as percentage of GDP previous year

and the control of th

‡ Registered unemployment as percentage of total labour force.

blue chips has fled to London ever since the turnover tax in

trading in connection with the distant date, the government takeover of LKB, the instru- has said it would like to launch ments and chemicals company, SSAB, the commercial steel by the biotechnology and phar-macenticals group Pharmacia, and the takeover of the packag-ing paper manufacturer Ljunggroup, on the market and recently installed new management to restructure the group.
Brokers complain that despite
appearances of a booming market, a lot of the trading in the top dahis by the specialty paper group Munksio.

New legislation is expected in July which should help to crack down on insider trading by extending the period during which board members and employees with access to inside ever since the turnover tax in Sweden was doubled on July 1, 1986, making the transaction costs about three times higher in Sweden as a result.

Three companies—Pharmacia (the pharmaceuticals and biotechnology group), Volvo (the automotive group), and the industrial gas group AGA—have obtained a listing on the Tokyo exchange. Their purpose so far seems to be merely to increase information about a possible takeover are forbidden to trade

shares in the target company.

Meanwhile, brokers are wondering whether the bull market, now entering its sixth year, can continue during 1987 though the economic and company forecasts are generally samurable.

(the pnarmaceuticals and biotechnology group), Volvo (the automotive group), and the industrial gas group AGA—have obtained a listing on the Tokyo exchange. Their purpose so far seems to be merely to increase awareness in those markets, and they have yet to try to raise

favourable.

The index has been pushed up by a flood of money as there have been no new issues that it will be left behind when recently to mop up the surplus it comes to global 24-hour share cash. Later this year, the market trading, chiefly because of the phone of the surplus of the surpl by a flood of money as there have been no new issues should see its largest ever exchange's short trading hours domestic equity issue with the and the fact that Swedish brokpartial privatisation of Procorers are not allowed to hold dia, the state holding company blocks of shares worth more which is Sweden's leading than SKr50m in total in their brewer and cigarette producer. inventories overnight. The Procordia plans to raise about exchange is now considering announced.

The police are now investigating cases of suspected insider about 81 per cent. At a far more

SKr 1bn in new equity capital, changes to both those limitations.

Skr 2bn in new equity capital, changes to both those limitations.

Sara Webb

SWEDEN'S arms dilemma can roughly be summarised as this: how does a neutral country maintain a strong arms industry

The answer is it cannot. Sweden's neutrality means that it must have its own arms industry in order to avoid dependency on either of the military alliances. But to finance the research and development of upto-date weaponry, the arms companies need a steady stream of orders from the Sewidsh armed

They do not always get that. The orders vary in size from year to year, so Swedish arms companies tend to depend on exports for their financial

survival.

The problem here is that the Swedish government does not allow weapons exports to countries which are at war or in areas of conflict such as the Middle East. These are admirable ideals for Swedes to hold, but it is not always possible to

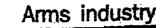
live up to them.

It therefre came as little surprise to defence experts that Swedish weapons were finding their way to the Middle East and were reported to be in Iran.

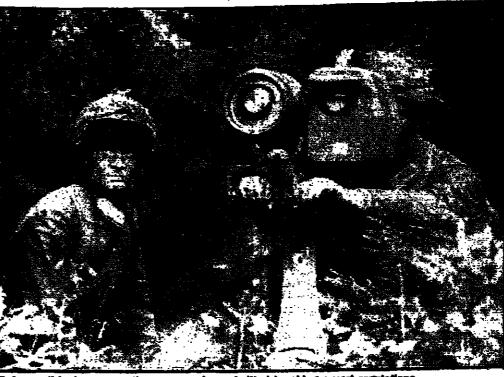
For over two years, police and customs have been investigating Bofors, the ordnance subsidiary of Nobel Industries, for illegally of Nobel Industries, for illegally smuggling anti-aircraft missles, ammunition and explosives to the Middle East. In March, Bofors finally admitted that it had broken Sweden's weapons export regulations by selling arms to the Middle East via Singapore, as well as training Bahraini military personnel in the use of missiles at the Bofors headquarters in Sweden.

The confession implicated the Singapore authorities because Singapore authorities because
Nobel Industries said that the
deals were carried out through
companies indirectly controlled
by the Singapore government
with end-user certificates supplied by the Singapore Defence
Ministry Ministry.

The Swedish authorities appear not to have questioned why Singapore bought so many weapons in the first place. Over the past 10 years it was Sweden's biggest customer, accounting for 10.8 per cent of Swedish arms exports. Several members of the present and former governments have been questioned by the constitutional committee over their in-volvement in the scandal Meanwhile, the police investigation has been delayed by the death suspected suicide—of the armaments inspector in January. Among the consequences of the Bofors scandal are:



Dilemma over exports



Sour relations between Stockholm and Singapore;

o Government recommendations and other calls to tighten up weapons exports still further;
of Government recommendations to introduce restrictions on weapons marketing overseas;
on weapons marketing overseas;
on weapons marketing overseas;
on weapons marketing overseas;
on civil production at Bofors, and
o A proposal to nationalise
Bofors.
That last proposal, by Energy
Minister Bigitta Dahl, was wide

Iy regarded as a piece of politicking and later scotched by ticking and later scotched by ticking and later scotched by are the biggest markets for weapons today.

"What you have to remember is that the decision on where we though are gllowed to export our weapons is a political one." Bays in the words of one defence consultant, "only the Swedes could think of selling weapons to are the biggest markets for "What you have to remember is that the decision on where we though are gllowed to export our weapons is a political one." Bays in the words of one defence consultant, "only the Swedes could think of selling weapons to are the biggest markets for "What you have to remember is that the decision on where we weapons is a political one." Bays in the words of one defence consultant, "only the Swedes could think of selling weapons to are the biggest markets for "What you have to remember is that the decision on where we weapons to are silowed to export our weapons is a political one." Bays in the words of one defence consultant, "only the Swedes could think of selling weapons to are silowed to export our weapons is a political one." Bays in the words of one defence consultant, "only the Swedes could think of selling weapons to are silowed to export our weapons to a still the decision on where we is that the decision on where we is that the decision on weapons to a selling weapons.

Mr Anders Carlbers, managing director of Nobel Industries.

In other words, it is not all make the beginning in the words of one defence consultant, "only the Swedes could think of selling weap

portant reason for choosing the Swedish artillery system was the fact that with its particular range it could hit cortain sensitive spots across the Pakistan harden.

Bofors won its record SEr 8.4bm order to supply the Indian Army with the howitzers in April 1986. The order is expected to provide Bofors and its Swedish sub-contractors with work for 2,000-3,000 employees over the next five years it came at a crucial time, when Sofors was bracing itself for more job cuts.

gut the order is now being investigated by the National Au-dil Board following sliegations by Swedish Radio that Rofors paid bribes to secure the con-

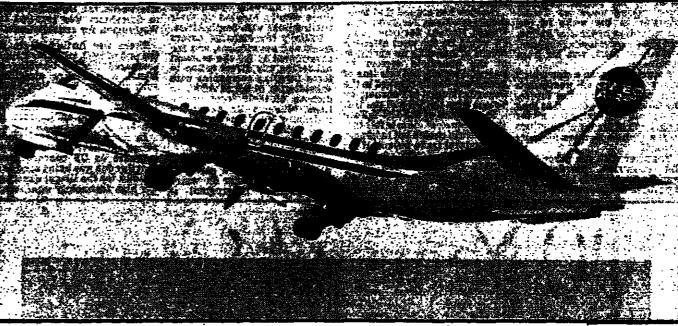
The allegations shock Mr Ra-jiv Gendhi's Government, and though Bofors calegorically de-nied paying bribes, defence an-perts maintain that in these days it is impossible to secure defence contracts of that magni-tude without greating paims.

white Swedes appear affronted by the realities of the arms business, few outsiders believe that Bofors' reputation as an arms manufacturer has been damaged. It is a leading company, noted particularly for its 155mm howitser gun systems, which are accurate with a high rate of fire, are easy to use and efficient in doing damage.

The RBS 70 anti-aircraft missile (the sort which turned up in the Middle Est) is a layer beam-riding missile which axperts claim is almost impossible to jam. Bofors, recently developed BILL, medium-range anti-tank missile, which can sense when it is above its target and then strike downwards through the tank turnet, is considered a breakhrough in anti-

In the circumstances, it is Bofors' misfortune to be situated in Sweden.

Sara Webb



Saab 340 striiner: reduced development needs for this sircraft and the company's Jas 39 Gripen fighter mean ospace workforce by 1,500 over the next three years,

Rewards from deregulation

SWEDISH BANKS, on the whole, have basked in the favourable financial climate created by deregulation and liberalisation during the 1980s, and have been able to reap the rewards over the last year.

rewards over the last year.

The commercial banks enjoyed record profts in 1986, helped by falling interest rates and the large gains realised by selling off part of their bond portfolios. With the removal of both price and volume controls on bank lending in 1985, the banks have witnessed a surge in lending and have enjoyed highlending and have enjoyed high-er earnings from commissions, due partly to the rising stock

market.

The introduction of two new instruments, bank certificates of deposit in 1980 and—more importantly—Treasury discount notes in 1982, paved the way for the formation of a flourishing money market which even some of the trade unions now plan to use to obtain a higher return on their capital.

The commercial paper mar-

the formation of a flourishing money market which even some of the trade unions now plan to use to obtain a higher return on their capital.

The commercial paper market, which began in the spring of 1983, is now larger than its Dutch, French and UK counterparts, though it lies behind the US domestic and Euro-commercial paper markets. Standard & Poor's the US rating agency, is working with the Stockholm school of economics on a credit rating system for the market rate.

Market rate.

The strong performance by the various markets has not passon to use to obtain a higher return on their rations and environment for conditions and environment for their biossoming and growth, the Social Democratic government has taken a number of steps in the past year to cream off some of the rewards for repliance by saying: "There is a clear understanding that the case of compulsory donations.

Take the stock market, now managing director of Nordbanks off some of the rewards for repliance by saying: "There is a clear understanding that the case the stock market, now running into its sixth year, raised eyebrows. Mr Kjell-Olof Swedish companies and local authorities and their accounting pratices.

Marnwhile the outions market has not passon to particular for ector put it. "When the Prime the various markets has not passon to protest—as one managing director of nor for conditions and environment for their biossoming and growth, the Social Democratic government is banking federation and managing director of Nordbanks of the past year to cream of the Swedistrom of the Swedistro

learned a harsh lesson about troduced a "one-off tax" of 7 per the risks of speculating in options and futures when an employee in the Stockholm City Treasurer's office started dabbling in these instruments and notched up losses of about SKr15-18bn in revenue, and was widely condemned as a means of "confiscating capital." Two of SKr 450m causing a scandal sofe traded an average of 15,000 contracts per day in April while officed. Skandia and Wasa, hope to take their case to the CM's daily average was 37,000.

Swedish companies and local authorities and their accounting pratices.

Meanwhile, the options mar
Meanwhile, the options marheadwhite, the options man-that wage increases must be pectations and, surprisingly in a country as small as Sweden, there are now two rival markets.

The wage increases must be kept down at a time when it was blatantly clear that the coun-try's financial markets were tur-

there are now two rival markets.

The first options market—
known as the Stockholm Options
Market (OM)—started up in June
1985, offering call options on a
number of shares and interest
rates. It took off rapidly and
launched an index option last
December.

Demand was so strong that a
second market—known as
Sweden Options and Futures
Exchange (Sofe)—started earlier this year without appearing
to steal any of the Stockholm

ting in huge financial markets were turning in huge financial markets were furning in huge financial gains.

Though the bull market has continued into 1985, swedish brokers complain that the largest Swedish stocks to
London, where the transaction costs are now about a third of
those in Stockholm.

By September, it was time to
sort out the life insurance companies and pension funds which

to steal any of the Stockholm panies and pension funds which Options Market's business.

The growth has continued unabated, even though the Swedes ments. The Finance Minister in-

OM's daily average was 37,000. European Court and prove that Last September, the 'Govern' the government's action was ment decided to abolish the requirements for life insurance. Then, in December, it was the

quirements for life insurance companies and pension funds to invest in "priority bonds," removing the final obstacle to a well-functioning bond market. The priority bonds had been used to provide long-term finance for the state, house-building and agriculture, and were unpopular because the rate was usually 0.5-1 per cent below the market rate.

The strong performance by the various markets has not pas-

by the tax spectre are the op-tions and future markets—Mr Feldt announced that he would broaden the securities tax base broaden the securities tax base to include options and futures, estimated to raise about SKr 200m. The tax is not expected to have a deleterious effect on the markets, however.

Foreign banks have started to show their mettle since being allowed to set up subsidiaries in Sweden at the beginning of 1986. Initially, 13 banks started up in Sweden: Societe General, Banque Nationale de Paris, Banque Nationale de Pari que Nationale de Paris, Banque indosuez (in a joint venture with Finland's Postipenkki), Credit Lyonnais, and Banque Paribas of France: Citibank and Manufacturers Hanover of the US: Den Norske Creditbank and Christiania Bank of Norway;

they are trying to develop im-port-export financing links with the major Swedish groups where they have the advantage over Swedish banks of being able to offer worldwide branch networks.

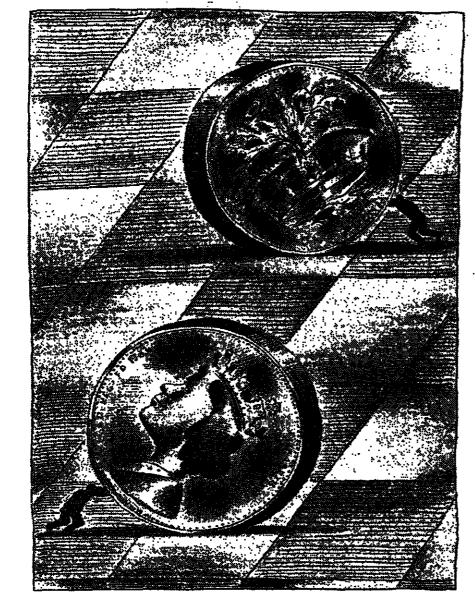
In May 1987 Svenska Handelsbanken, the second largest bank, became the first Swedish bank to open up an overseas branch in New York, following the relaxation of rules on this front. Skandinavista Enskilds Banken, the leading bank, plans to follow suit in the autumn.

With the arrival of the foreign banks, competition in the domestic market has increased. domestic market has increased.
One reaction to this was the formation of the Gota Group, a banking and financial services group which controls Gotabanken (the country's fourth-largest publicly-quoted bank) and Wermisedsbanken (a regional wermisedsbanken (a regional bank), as well as stock brokerages, leasing and finance companies all under one holding company structure.
Gota Group is ultimately con-

Gota Group is ultimately con-trolled by the Swedish invest-ment company Proventus, whose plans to expand in this sector caused quite a stir in the Finance Ministry where the idea of a bank being controlled by a bolding controlled by a holding company is rather

The Ministry reacted by proposing temporary legislation with effect from July 1, 1987 so that a holding company would be subject to the same regulabe subject to the same regula-tions as ordinary banks, chiefly to prevent the holding company from removing capital from the bank and exposing deposits. Further, the legislation will allow banks to own stockbrok-ers, whereas before they were only allowed to run in-house stockbroking operations. The conditions are now set for furth-er shake-ups in the banking and financial sector.

Sara Webl



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Energy

Neighbours vie to fill nuclear gap

SWEDEN, says Mrs Birgitta Dahl, is like a young girl pur-sued by suitors. The Energy and Environment Minister was not talking about Swedish morals in this case, but about the way neighbouring countries have been trying to take advantage of Sweden's plans to phase out nuclear power by offering to sell their own particular energy

alternatives.
With the first of the country's With the first of the country's 12 suclear reactors due to be phased out over the period 1993-95 (provided that alternative forms of energy can be found) the pressure is on. A second reactor may be closed down between 1994-96 and the eventual deadline for closing all the reactors is 2010, as set by the 1980 referendum and subsequent parliamentary vote.

quent parliamentary vote.
The fact that the government The fact that the government has decided to speed up the closure programme is largely attributable to the Chernobyl disaster. The Swedes, after all, were the first to detect unusually high levels of radiation at the Forsmark nuclear mower station, and sounded the power station, and sounded the elarm about a nuclear accident

in the Soviet Union.

Radioactive caesium was found in various foodstuffs, and contaminated food valued at about SKr 150m had to be destroyed. More than 80 per cent of the reindeer slaughtered in Sweden were declared unfit in Sweden were declared unfit for human consumption, and the government was forced to pay compensation to the Lapp herdsmen who make a living from selling reindeer meat.

One official says: "Chernobyl was a turning point in Swedish energy policy in that the industrial sector didn't really believe there would be a phasing out of

there would be a phasing out of nuclear power beforehand. Afterwards, they did."

This is not to say that the industrial sector sat silently throughout the nuclear debate. Several representatives of industry-backed by the Swedish Energy Council's report. After Cheraobyl—have warned that by plasing out nuclear power (which accounts for about haif of the electricity produced in Sweden), electricity prices will naturally increase and Swedish companies will lose their competitive edge abroad. The iron, sixel, pulp and paper, and chemicals industries in participes would be badly hit. throughout the nuclear debate.

ENERGY SUPPLIES 1985 1986 1987 140 138 139

waste heat, and district heating 133 133 137

Mr Carl-Erik Nyqvist, general director of the state power board, said that electricity prices could be expected to rise by 50-100 per cent with the phasing out of nuclear power and that the closure programme would cost the country about SKr100bn.

The government still has to decide which reactor to close first. The Danes would like it to be Barseback because the er plant is situated in southern Sweden close to both densely-populated Malmo and Copenhagen. Yet Barseback is supposed to be the safest of all the Swedish reactors.

What then are the alterna-

what then are the ancina-tives? In its research and development budget this spring, the government decided to put SKr105bn aside for energy research over the next three years, in particular looking at more efficient uses of energy and possible alternatives. In future, priority will go to a

more efficient use of energy in both industry and households, and the use of waste heat to produce electricity. But how to replace nuclear

new rivers.

to let these go—though even if they did, the rivers could not they did, the rivers como no totally replace nuclear power roviding perhaps an extra 20 TwH. Instead, a few of the smal-ler rivers could be used to boost hydropower fractionally. The most likely main alterna-

tive appears to be natural gas, which to date only accounts for 6-7 TwH. The National Energy Board claims that the initial capital and maintainance costs

20 per cent.
Meanwhile, the Norwegians have been courting Swedish interest in the Haltenbank gas field, which is thought to contain 300-350bn cubic metres The energy board estimates that

A recent report by the National Energy Board sug-gested extending the pipeline across central Sweden as far as Stockholm and Gavie, on the east coast. This would open up the possibility of joining on to the Finnish pipeline and either buying direct from the Soviet

been drilling on their own soil in the hope of finding natural gas, even though the area under investigation lacks the sedimentary rock formations hormally associated with fossil

60-66 Terawatt/nours (1 way).
Hydropower, which provides come across traces of natural about the same amount, cannot gas and is regarded with some across traces of natural about the same amount, cannot gas and is regarded with some scepticism—though if huge reserves of gas are discovered There are four big unex-ploited rivers left in Sweden in problems for the new decades. areas of outstanding beauty and Sara Webb

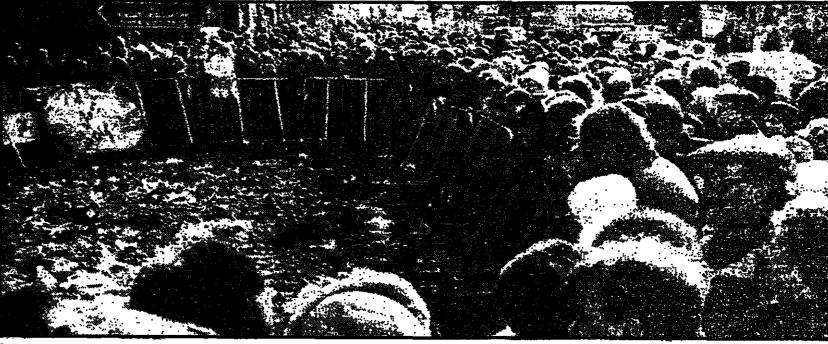
for gas power stations (espe-cially combined cycle turbines) are lower than for coal power though total cost would of course depend on the gas price negotiated.

Sweden started importing natural gas from Denmark in 1985 and has a well-developed network in south and south-west Sweden which is due to reach as far as Gothenburg in the sum-mer. Relations with the Danish suppliers were strained when they refused to lower the price on the initial contract in line with falling oil prices—which, the Swedes maintain, means they are being overcharged by

Sweden would have to importabout 40 TwH's worth of electricity—or 4bn cubic metres of natural gas each year to replace nuclear power.

Union or from Finland Meanwhile, the Swedes have

fuel finds.
So far, the Dala deep gas propower which today acounts for So far, the Dala deep gas pro-60-66 Terawatt/hours (TwH)? ject in Central Sweden has only



Thousands of Stockholm residents crowd around the flower-covered street corner where Prime Minister Olof Palme was

The Palme murder hunt

A nationally embarrassing bungle

THE ASSASSINATION of Mr between the two law enforceolof Palme threw Sweden into a ment agencies had already state of national shock and broken into the open once grief, but 15 months after the Swedish Prime Minister was shot dead on an open street in central Stockholm, the manner in which the hunt for his killer has been conducted has become a source of national embarrassment.

between the two law enforcement agencies had already before only a few weeks after the assassination as police suspicions moved heavily against one key suspect.

A man—known in Sweden as "the 33-year-old"—was arrested and charged with taking part in the murder, but

Swedish police today appear no nearer to finding the assassin than they were in the first dence chaotic hours after the killing Mr K when Mr Palme was gunned prosect down at close range as he walked home—without any bodygnard—with his wife from an evening cinema visit.

Two bullets found during the first 48 hours by casual passersby at the murder scene, outside the confines of a limited area the confines of a limited area cordoned off by the police, compromised by police leading remain the only concrete leads in the hunt. There is no murder plained of interference in his weapon, no motive and no

degenerated into an embarras-singly public quarrel between the police and the public prothe police and the public prosecutor's office over what lines of inquiry to pursue.

The simmering conflict assumed direct leadership of the police and the public prosecutor's and controversial Stockholm to the highest level into custody for interrogation in Stockholm to the highest level the dawn raids were told they of the national public prosecutor's

ing part in the murder, but within days he had been released for lack of firm evi-

prosecutor who had worked on the Palme murder investigation from the start, resigned from the case and made startling accusations against the police claiming that the 33-year-old's legal rights had been seriously violated. He said that his posiwork by the Ministry of Justice. murderer.

By the beginning of February
this year the investigation itself
secutor in Stockholm, but the

tensions between the prosecu-tors and the police led by Mr Hans Holmer, the hard-bitten

the investigation at the outset, and who had staked his personal prestige on tracking down the killer.

the preparation of the assassination, but within hours they had all been released again on the orders of the pro-

Effectively the number two in secutors because of lack of evithe Swedish police hierarchy, dence. The police were outside the prosecutarity stage what came to be known as the "huvudspar," the main line of inquiry, which dominated police work for many months, and which sought to Minister, had already tried to contain the secutors because of lack of evithers. The police were outsided and accused the prosecutors of "sabotaging" the known as the "huvudspar," which dominated police work for many months, and which sought to Minister, had already tried to contain the same of the police were outsided.

Effectively the number two in secutors because of lack of evi-

of Mr Sten Wickbom, the Justice Minister, had already tried to link the assassination to the contain the destructive PKK the Kurdish Workers quarrelling between police and Party, a Marxist-Leninist group prosecutors, but without suc-established in Turkey in the cess; and finally the government 1970s to fight for a free Kur- was forced to concede that istan. nothing short of a wholesale Members of this group, change in the leadership of the

several years, and have been found guilty of two previous murders in 1984 and 1985.

The public prosecutor's office appears never to have shared the police's enthusiasm for the PKK line of incomplete the police's enthusiasm for the process would suffice to the conflict.

In early February, as pressent the authorities grew and the conflict to the motivation of the process of the murder only a couple of weeks away, the Prime Minister himself, Mr Ingvar Couple of the police's enthusiasm for the police for the pol murders in 1984 and 1985.

The public prosecutor's office appears never to have shared the police's enthusiasm for the conflict of opinion finally boiled over earlier this way.

murder only a couple of weeks away, the Prime Minister himself, Mr Ingvar Carlsson, was compelled to step in with the full weight of the government in an attempt to restore some

boiled over earlier this year, semblance of order, when the police launched an abortive swoop on Kurdish and other suspects.

An attempt to less the some boile sum at the police suspect in an effort to get the murder abortive swoop on Kurdish and other suspects. other suspects.

Three of 20 suspects taken into custody for interrogation in Stockholm to the highest level

For a couple of weeks confusion remained over the role of Mr Holmer, who became a member of a three-man advisory group to the national Police Commissioner, but in early March he issued his own bitter resignation claiming that, "when bureaucracy triumphs over reason I can no longer con-

In a final attack on the prosecutors he said: "When Sweden's Prime Minister is shot dead on the open street, the prosecutors' only thought is that the investigation must follow normal routines. That is just as

official support.

Hardly surprisingly a majority of Swedes have already given up hope. According to a recent opinion poll 67 per cent of the population now believe that the Palme murder will never be

Kevin Done

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SKANSKA 1986:

		nce Sheet, December 31, 1986.		
		Swedish Kronor (SEK M). 1,000 = USD 158.19 (April, -87).		
		, , , , ,		
Assets		Liabilities and shareholders' equ	<u>iit</u> y	
Bank balances	1,414	Current liabilities		4,72
Receivables	6, 9 82	Uncompleted contracts		
Investment and development		Invoked sales from	44 545	
properties	<u>4,248</u>	beginning of contracts Accumulated expenses from	16,515	
	12,644	beginning of contracts	-13,082	3,43
Other receivables	566	-		8,15
Shares and participations	4,040			•
Machinery and equipment	961	Long-term liabilities		4,29
Fixed-asset properties	1,085	Untaxed reserves		4,73
		Capital stock		61
		Reserves Net profit for the year		1,013 48
		reproductor the year		- 70.
Total	19,296	_16	otal	19,29
		_		



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Labour market policies

and the second s

Strong full-employment drive

TWO PERCENTAGES, 83 and 2.7, illustrate the most distinctive features about the Swedish

labour market.
Sweden has an 83 per cent level of participation in employment among people of working age—a very high rate by inter-national standards and one which particularly reflects an exceptionally large number of working women. Assisted by relatively cheap and extensive child-care arrangements, four out of five working age women

have jobs.

Against this high rate of par-tleipation in the labour market is set the 27 per cent figure: Sweden's unemployment rate, which is one of the lowest in Europe. Even in the worst days of 1982-83, when unemployment in Sweden peaked, the rate was

only 3.5 per cent.
The 2.7 national percentage nevitably fails to convey the full picture of unemployment in Sweden Some employees in part-time jobs would prefer fulltime posts if they were avail-

About 3.5 per cent of the work-force, including disabled people, are engaged in special government schemes outside the conventional labour market. And there are important regional variations—unemployment rates in northern Sweden are five times those of the Stockholm area.

But even with all the qualifications, Sweden's unemployment rate is outstandingly low and has been brought down over the past four years in spite of a growth in the size of the labour force.

Yet there is no complacency about the 2.7 per cent figure. Full employment is a central goal of Swedish economic policy and a widely-held value in sociand a widely-held value in society. This, coupled with concern about the impact of unemployment on particular groups and to which its schools are or are

cope with technological change, has led to a labour market policy becoming an increasingly fundamental element of overall economic policy.

"There is a consensus in Sweden that we should not allow unemployment to rise." says Mrs Anna-Greta Leijon, Minister of Labour in the Social Democrat Government. "But we must not assume that such a consensus will always automatically be there and stop talking about the evils of unemployment. Our unemployment rate has come down, but it is high for the people concerned. We have

Mrs Leijon set up a long-term planning group in her depart-ment to examine the role, direc-tion and scope of labour market policy for the remainder of the 1980s which reported last year. This concluded that general economic policy, education and labour market policy must be more closely interlinked. Lord Young, the British Employment Secretary, is visit-

ing Sweden this month and, although his government and Mrs Leijon's have different political perspectives, he will discover a number of common

The report on which the Swedish Government is basing its policy calls for greater adap-tability in the labour market, higher priority for training mea-sures, action to tackle a growing problem of long-term unemploy-ment and more efficient use of resources in the public employment service.

It also declares that "perhaps the most important field when it comes to improving the efficiency of the labour market is that of educational policy."

young people in Sweden remain Youth Teams progress.
in full-time education and do not enter the labour market until they are 18.

Youth Teams progress.

An important priority in Sweden's efforts to hold down unemployment and improve

The Government is currently discussing introducing more practical and vocational elements into the high school curriculum for Sweden's 18-year-olds in an attempt to make them better prepared for work.

A structured approach to a second that in a structured approach to a second that in a second

were developed at the same customer contacts, and a new time, and it is on the basis of goal-setting management struc-

per cent go through such train- low unemployment rate and ing—temporary jobs in the pubstrong concentration on labour lic sector for unemployed market policy, the indications people, and the Government's are that—like most of its neigh-

cipalities are required to provide work—normally partime—for all 18 and 19-year-olds while the number of people on such measures fell last year time—for all 18 and 19-year-olds while the number in regular who have been without employ—employment rose by 40,000, and ment for at least three weeks, the percentage of the AMS's Young people who refuse to join expenditure devoted to benefit the Youth Teams cannot claim payments was reduced for the unemployment benefit. first time in the 1980s.

unemployment benefit.
The Government has been trying for several years to per-suade employers and union

the need for Swedish workers to not meeting the needs of the leaders that the private sector cope with technological change, economy. Unlike Britain, most should offer places on the

A structured approach to labour market policy and the operation of special employment measures has a long history in Sweden. The National Labour Market Board (AMS)— little knowledge of employers with many of the same responsibilities as Britain's Manpower Services Commission—has existed since 1940, and all employment offices were nationalised in 1948. Personnel have been transferred from administration to were developed at the same customer contacts, and a new

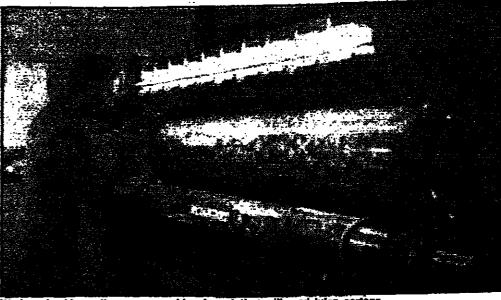
these origins that Sweden has ture has been introduced.
expanded its measures for the The service now takes an expanded its measures for the unemployed during the difficult average of three weeks to fill a years of the 1980s.

These measures currently weeks in 1979 and ten in the include training for both the early 1970s. Extra staff are unemployed and employees facbeing changing skill requirements—about 1 per cent of the labour force is in training at any time and during a year about 3. In spite of Sweden's relatively approach to through such train.

young unemployed.

Under this programme, muni
for the forseeable future.

Rut the number of people on



Worker checking rolliers on a machine for printing milk and juice cartons.

Wage bargaining

Doubts about the system

credited with maintaining industrial peace—the national negotiators, if necessary with the help of a mediator, pro-duced a recommended framework leading to detailed

agreements at industry level.
Any outstanding issues at company level were then resolved by local managements and union officials and the government stayed out of the whole process, taking the view that collective bargaining was a mat-ter for the two sides of industry

through the 1970s, even though economic turbulence made it Alan Pike | more difficult for governments

COLLECTIVE bargaining in to stand aside from wage Sweden since the 1950s has bargaining and Sweden's growbeen based on a system of ing public sector added to the centralised negotiations number and range of trade between national trade unions and employers' unions and employers' organisations involved in putand employers' organisations. organisations involved in put-Under this system—for long ting together the central agree-

> But the decisive break came in 1983 in the industrial sector where the principle of central-ised negotiations had begun-when the Engineering Employers' Association and Metalibetaren, the Metal Workers Union, concluded a separate agreement outside the central

The system of centralised negotiations won the initial sup-port of employers in the SAF, the Swedish Employers' Con-federation, because they saw it

solidarity—compression

point in Sweden's highly-trade that wage increases unsup-unionised labour market. Even ported by improved productiv-though closed shops are ban ity and efficiency will lead to ned, some 90 per cent of all job losses. though closed shops are ban-ned, some 90 per cent of all employees—and 97 per cent in employees—and 97 per cent in Employee participation has the industrial sector—belong to been a central part of Swedish trade unions.

trade union members, as well as this ro employers, now feel that the narrowing of differentials and lack of flexibility produced by

"Most of the wage increases companies. Although the funds have so far tral negotiations between the unions and the employers have drawn stronger criticism

Alan Pike has deteriorated."

structure.
A second separate agreement

in the engineering sector was reached in 1985 and, although the following year the industry returned to a centralised. national two-year agreement, the engineering employers have siready made it clear that they will seek another separate agreement when negotiations begin at the end of this year.

as a means of concluding agree-ments covering the entire pri-vate sector relatively quickly while avoiding disputes.

The LO, Sweden's blue-collar trade union confederation, trade union confederation, formally outside the wage embraced the system as a means bargaining process, but leaves of furthering the policy of wage no doubt about its belief in the differentials—which it has pur- settlements.

sued for many years. It is a system which, to some extent, had a natural growth

But it is apparent that some lack of flexibility produced by the centralised approach has gone too far. This view is shared by a number of observers of 1975, and in 1983 parliament legislated for the introduction procedures.

procedures.

"Strong reasons exist to believe that egalitarian rather than efficiency considerations have influenced the Swedish five trade unionists. They are wage formation process," writes Anders Bjorklund of the Stockholm-based Industrial Institute for Economic and Social

Swedish collective bargaining. Central negotiations have not succeeded in restraining real wage increases close to the level agreed under the national recommendations. Between 1967 and 1985 wage drift accounted for some 45 per cent

accounted for some 45 per cont of actual wage increases.

There is agreement among employers and union leaders that the current level of real wage increases, running at around 7 per cent, is too high.

The Government in its efforts to The Government, in its efforts to bring down the inflation rate, will be looking for maximum settlements of 3 per cent in the coming wage round.

There are no easy answers on how to reach this goal. It does not necessarily mean the end of centralised negotiations—many employers and trade unionists would like to see retained a reformed version of rather looser national agreements than those in the past.

But Mr Lars-Gunnar Albage, deputy director-general and chief negotiator for the SAF, doubts whether there will be any kind of national framework agreement this year. " If we are aiming at a low, 3 per cent targe. I think it will have to be negotiated at union-industry level."

The Government remains need to drive down the level of

The Government has declared an interventionist stance in the public sector, making it clear

industrial relations since the 1970s, but the latest step along has become a source of friction between unions and employers.

financed by a 0.2 per cent payroll tax and 20 per cent of company profits above a certain level and are intended to be Research, in its latest yearbook. used to buy shares in Swedish

unions and the employers have drawn stronger criticism federations. In these negotiations unions have struggled hard to realise one of the aims of the solidaristic wage policy, namely general reduction of private sector companies are wage differentials between industries, firms and individuals.

"Even though the additional wage drift might have been more influenced by traditional market forces, the basic hypothesis remains that the flexibility of the Swedish labour market has deteriorated."

have drawn stronger criticism from employers than is normal in Sweden's traditionally temperate industrial relations of private sector companies are introducing their own profit sharing schemes, but these attract criticism from union leaders for being an attempt to reach employees outside the established, and in Sweden very extensive, trade union structure.

Defending every market

MANY OF Sweden's largest companies have an interpational eminence in their fields. An outstanding example is SNF, the world's leading bearing manufacturer and Sweden's most international industrial company.

industrial company.

Almost all SKF's sales—96 per cent—are outside Sweden and so is 88 per cent of its production. On the basis of a conscious tion. On the basis of a conscious tion. On the basis of a conscious stand-and-fight policy, the company has held its market share in the face of intensifying international competition and is currently developing a strategy to take more of the US market.

Until the end of the 1970s,

Until the end of the 1966, SKF had a range of subsidiaries around Europe all serving their own domestic markets. Since then a different structure has been introduced, based on a policy decision to treat Europe as a single market.

as a single market.

Each subsidiary now has responsibility for producing particular products which are marketed throughout Europe. marketed throughout Europe.
The same decision to eliminate duplication has led to responsibility for various aspects of research and development also being development also being devolved to individual national

companies.
In addition, each commanufactures some of SKF's own production machinery—the company makes almost all its own machines, which are not sold on the open market. because managers say they are better than the ones they would

otherwise have to buy.

Three new business areas—
SKF Bearing Industries, SKF
Bearing Services and SKF
Speciality Bearing—group
similar activities on s similar activiti-worldwide basis.

Efforts by Japanese bearings manufacturers to penetrate SKF's traditional markets led to years of low profitability in the early 1970s. But the company says its decision not to yield to competition in any area of its activities has been vindicated by SKF's position today. Growth in the bearings mar-

ket is currently slow—perhaps 2
per cent a year—and price competition remains strong,
although sales in the important car market have been improving

recently.

SKF group profit for the first quarter of this year was SKr 380, compared with SKr 350m in the same period of 1986. Group sales rose from SKri.503bn to SKri.9bn. Last year group capi-tal expenditure, excluding acquisitions, rose above SKrlbn

for the first time.
In the increasingly competitive market atmosphere, there has been a growing determina-tion within SKF to work alongside individual customers to the closest possible extent. In the case of a customer such as a motor manufacture, that can be a process of close involvement in new model development las-

ting several years.
Allied to this is a heavy concentration on research and development—SKF's current research investment amounts to about 2 per cent of sales and this is being increased. The company has embarked on a programme to recruit at least 250 graduates worldwide for each of the next six to eight years to strengthen its skill base and provide it with senior man-agement for the future.

SKF management under M Mauritz Sahlin, managing dire-ctor, has a determined policy of gaining the most dominant possible position in all the group's central market activi-ties. To this end, a drive is under way to expand SKF in the US market which, compared with Europe, remains highly fragmented—it takes 18 bearings companies to cover 60 per cent of the market, with another 40 lighting for the rest.

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Facing restructuring

Steel industry

Sweden's largest steel produc-er, is set for another painful

Swedish government has a majority stake, has announced a majority stake, has announced a would also survive.

closure programme which will but the plan also involves the cost 2,200 lebs—15 per cent of its closure of SSAB's iron ore workforce—over the next three mines at Grangesberg and Dangears. Behind the closure proposals are a drive by a new man
osals are a drive by a new man
for making steel from strap the strain or strap the strain or strap the strain or strain the straint and strain or strain the straint and strain or strain the straint and strain the strain the strain the strain and strain the strain osals are a drive by a new management to focus SSAB's activities on more narrowly-defined market activities, and a plan to

an amalgamation of Sweden's three largest general steelmakers. A restructuring following the amalgamation led to a 25 per cent reduction in capacity to just over 3m tonnes and a 20 per cent cut in the workforce. The international pressures of the steel industry have continued to afflict the company, however, and in November the government brought in a new

management under the chairmanship of Mr Bjorn Wahlstrom—a former president of SSAB to plan remedial action. At the same time Electrolux, a minority SSAB shareholder, sold its investment to the Gov-ernment and a consortium of Swedish insurance companies and pension funds took a 33 per cent stake. The Government, for its part, agreed to the company's stock market flotation by 1993. If other buyers for the private sec-tor's 33 per cent holding or buy

back the shares itself. The rationalisation plan produced by Mr Wahlstrom and his management would concentrate

SWEDES SOMETIMES contrast the capital Stockholm with

SSAB's output on strip mill pro-ducts and associated activities tion, however, remains possible.

SSAB management's plans

SSAB management's plans It is intended to invest more SSAB management's plans than SKr 1bn in these core func- are motivated by the view that er, is set for another paintul restructuring exercise of the type which has become such a common feature of the European steel industry in recent such as its heavy plate division order to remain competitive.

nemora, its electric arc impace ne accepts that restricting for making steel from scrap, the will be difficult and painful, Morgan works at Domnarvet there can be no escaping real which produces wire rod and ity. Unless we pursue the reinforcement bars, a light secourse of action proposed in the

losses involved in the program- safe. me are not great compared with SSAB has reported a many that have been suffered in SKr 893m pre-tax loss for 1936 the European steel industry.

But the impact which they will have on the communities involved will be dramatic.

See 1835m pre-tax 1058 for 1935 to 1935 the proposed cost-cutting measures. But it is estimated that if the volved will be dramatic.

steel industry dominates steel producers, employment in the towns. The wik special steel producers, have been subject to dumping have been subject to dumping the steel producers.

cials that its aim is to secure the partment. stock market flotation by 1993. If economic base of the company, it does not take place the Government will be required to find other buyers for the private sections of the p

Stockholm

Close-knit business community

at Oxelosund and its long and The company exports about half heavy product range at Lulea— of its output. An urgent impera-

take the company to the stock market in the next few years.

SSAB was formed in 1977 from In terms of numbers, the job no job within SSAB will be

Mining activities at Dannemora and Grangesberg dates fitability by about SKr 500m a back many centuries, and the year. year. Meanwhile, Avesta and Sand-

company's closure proposals have been subject to dumping have already attracted illegal allegations for their activities in industrial action in SSAB, and union leaders are resisting them furiously. anti-dumping complaint against The Swedish Industry Minis- the two companies in October, try has been conducting an in- and last month a second allega-vestigation to see whether any tion that Avesta and Sandvik's production at the mines can be steel had been subsidised by continued. SSAB management the Swedish Government was has stressed to Government offi- upheld by the US Commerce De-

Sweden, which has been criti-The company is satisfied that it will be around SKr 100m a year cheaper to import iron ore than keep the mines open Same

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Gothenburg, the second largest city, by pointing out that whereas Gothenburg openly faces west. Stockholm looks east-sheltered on its archipelago at the point where Lake Mälaren meets the Baltic. That is not to say that Stock-holmers shun American or Western cultural influencesfact the Swedes as a general rule seem eager to lap these up—but the city does still retain

a certain insularity and the sheltered atmosphere of a small Shop windows generally lack imaginative displays and in some cases are almost Eastern European in appearance. Its business community is closely-knit and the same names who went to school and university together invariably crop up later in the same board room

photographs. In Sweden, companies are commonly married to capital. Stockholm, after all, is the suggest city in Sweden, is inexlargest largest city in Sweden, is inex-tricably linked with that of the automobile giant Volvo, as well as with SKF, the world's leading roller bearing manufacturer, and Götabanken, the country's and nome to more than name to more than name to more than name the waiting lists for accommoda-tion.

It is a characteristic of most capital cities that the young flock there in search of jobs and

bank.

Saab-Scania, the aerospace and automotive group, has its home in Linköping, while Asea, the electrical engineering group, is based in Västeräs to the west of Stockholm, and Pharmacia, the biotechnology and pharmaceuticals group, is based in the university town of Uppsala where it can tap the Skandia, the leading insurer. It is also—as one would expect—the heart of Sweden's financial world though interestingly, of all the foreign banks which gained entry to the Sweden's is market, the Norwegian bank Den Norske Creditbank, decided to set up in Gothenburg rather than Stockholm, chiefly so that it could reduce its start-

Pharmacia, the biotechnology and pharmaceuticals group, is rather than Stockholm, chiefly based in the university town of so that it could reduce its start-upsala where it can tap the ideas of local scientists.

The weapons industry—or more specifically, Bofors—is centred in Karlskoga, while the construction giant Skanska is based in Malmo in southern Sweden.

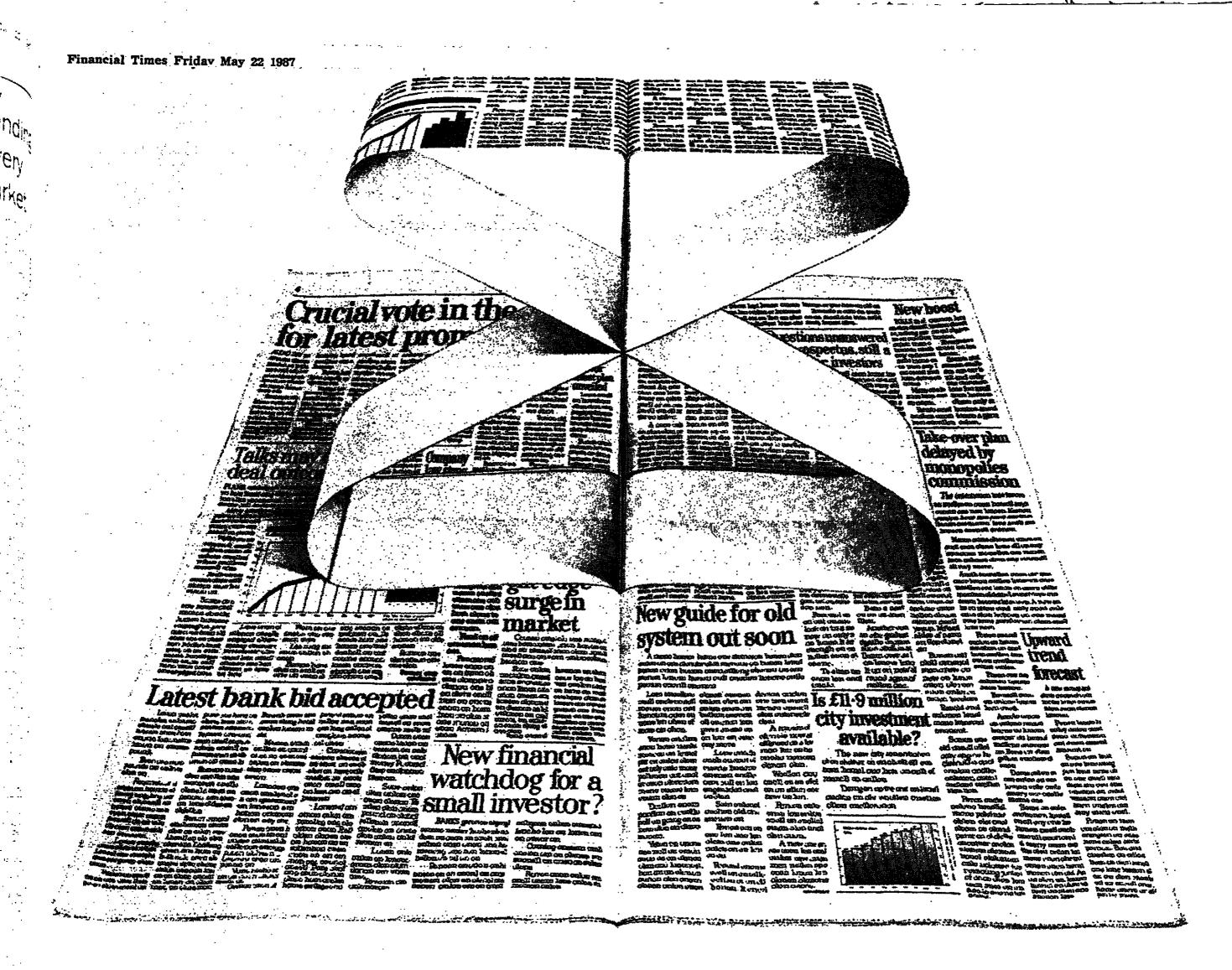
Many of the big names in industry made their homes outside the capital, Stockholm. By and large, they are content to stay that way, as they are crucial

and large, they are content to stay that way, as they are crucial have increased sharply over the employers in their particular regions. Yet more and more rose by up to 30 per cent in 1986. have found that it is necessary Demand for housing has to keep an office—or establish surged—swelled by young some sort of presence—in the gapital

excitement and Stockholm is no excitement and Stockholm is no exception. Unemployment is lower than in the rest of the country, while excitement for Stockholm's yuppies often means queueing outside the "in" places in temperatures of —30 deg C. Stockholm has become the sort of place where

> About 20 per cent of the population in Stockholm is involved in industry, compared with 30 per cent in the rest of the country, and 55 per cent of the Stockholm population is in the service sector, compared with 47 per cent in the rest of Sweden in future, the new jobs and high-technology fields, with the latter concentrated in the Kista area which is Stock-

holm's version of Silicon Valley.



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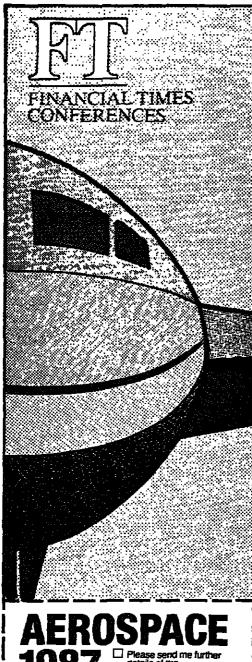
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1 JULY 1987

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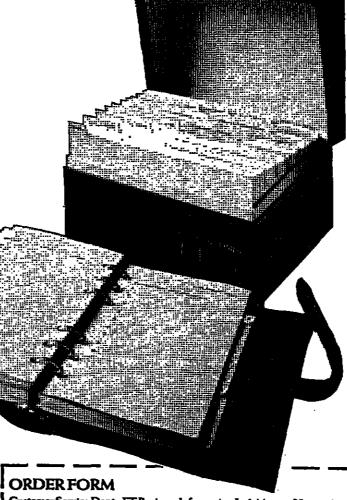
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SECTION II - COMPANIES AND MARKETS

FINANCIALTIMES

BY ANDREW FISHER IN MUNICH

TURNOVER of BMW, the West

He said BMW hoped to maintain

this level of increase at the parent

company over the whole year, to give a likely total of DM 16.5bc, as

well as growth of about 5 per cent in

production and unit sales. Last year, parent turnover rose by 5.2

figure due to the firmer D-Mark.

The sharp rise in turnover in the

first 4% months over the same peri-

does not give a group figure - from

BY RICHARD TOMKINS IN LONDON

Friday May 22 1987



terest by foreign car groups. Honda

of Japan being the most recent, in buying into BMW, he said the Quandts had shown no intention of

Mr von Kuenheim said the com-

pany would continue to invest heav-

ly to modernise its plants and de-

velop new models. In 1986, group

capital spending rose from DM 1.4bn to DM 2.2bn, with consider-

able investment in the new plant at

Regensburg, as well as in the facto-

ries in Munich and Dingolfing, all

in Bavaria.
So far, BMW has invested over

DM 900m in Regensburg, he said. A

second shift would be introduced

there this autumn or winter. The

company sells nearly 70 per cent of

Mr von Kuenheim said the Ger-

man car market eased in the first

three months of the year, with last

December having seen a surge,

still enjoyed tax advantages. But

April had shown a big rise at BMW.

In Japan, where BMW is the larg-

est selling importer, sales rose by

while cars with catalytic converter:

its total output abroad.

RENAULT SAYS SALE OF STAKE EXPECTED SOON

Boost for AMC deal

BY PAUL BETTS IN PARIS

THE SALE of Renault's 46 per cent in AMC to the Detroit car maker. \$200m for the French group's bonds stake in American Motors Corpora- However, the agreement was subsetion (AMC) to Chrysler is expected to be completed in August, the French state-owned car group said

main obstacles holding back the agreement had now been cleared has now accepted a revised Chrysafter the approval by the Chrysler, AMC and Renault boards during the last 24 hours of Chrysler, \$830m. the last 24 hours of Chrysler's revised buyout proposals to AMCs terday that the main points of its fi-

However, the agreement must over the sale of its 46 per cent stake still be ratified by AMC sharehol- in AMC had not been altered. Unders, as well as secure approval of der this agreement Renault is ex-the French, US and Canadian au- pected to be paid between \$217m thorities since AMC owns a major and \$567m for its shares and bonds new plant in Ontario. Renault ex- in AMC under a complex five-year pects this will take until the end of formula Moreover, Renault expects July or early August. Until then, the to earn between \$85m and \$200m in French state group will retain man-additional royalties from Chrysler The US car maker is widely expect- which AMC is launching on the ed to drop the name AMC when it American market this year. At the without any fixed volume obliga-finally takes the company over dur-same time, Renault expects to ex-

intent with Chrysler to sell its stake

quently held up over Chrysler's buyout offer to AMC small share-holders. Chrysler initially offered at Chrysler's option. It will also receive \$17m from Chrysler for its Renault also indicated that the tal package worth \$757m. This was rejected by the AMC board, which

> Renault, however, indicated yesnancial agreement with Chrysler

\$350m at current prices. Renault, which sank \$650m in its

ing the course of the summer.

Renault announced last March that it was withdrawing from the US market after signing a letter of

level in AMC when the final agreement

ceive \$17m from Chrysler for its stake in American Motors Financial Corp. The amount Renault will ultimately receive for its AMC shares will be based on the level of Jeep and Premier sales from the beginning of this year to the end of 1991. This involves a sum of up to

AMC investment, confirmed yesterday that AMC planned to halt in the next few weeks production of the Alliance, the American version of the Renault 9, and that it no longer intended to export to the US its Alpine GTA sports car. However, under the Chrysler agreement, the agement control of AMC which will on the sale of the intermediate size Medallion, the American version of then be handed over to Chrysler. saloon known as the Premier, the Renault 21 built in France, will continue to be sold in the US, but

Chrysler is due to pay Renault French car group

and that the Italian white goods manufacturer was expected to earn

achieving By Bernard Simon in Toronto

MITEL, the loss-making Canadian

continues to pay heavily for past

Losses before taxes and extraoryear 1986. Revenues rose from C\$413.2m to C\$453.4m.

Extraordinary and unusual losses, stemming mainly from a strin-gent rationalisation of manufacturing capacity and other housecleaning measures since the BT take-over, were virtually unchanged at

Mr Anthony Griffiths, chief executive officer, said that the positive impact of recent changes was reflected in a drop in sales costs from 65 per cent of sales to 54.3 per cent. A 25 per cent fall in inventories contributed to a quadrupling in cash flow before financing charges to C\$42.1m.

note by pointing out that sales since the end of the fiscal year were be-low expectations. He ascribed the setback to changes in product mix and a temporary difficulty in satisfying growing demands for new

Mitel which expanded rapidly in the 1970s and early 1980s under its previous flamboyant management has recently closed plants in Puerto Rico and Hong Kong and plans to shut an Ontario factory later this year. The company's workforce has been trimmed by more than 1,000 in the past two years.

Fiat buys out Nissan stake in Arna model

By Alan Friedman in Milan

FIAT has bought out a 50 per cent shareholding owned by Nissan of Japan in a joint venture with Alfa Romeo to manufacture the Arna

Fiat did not disclose the purchase price for the 50 per cent Japanese holding in the loss-making Arna plant at Avellino, near Naples. The Turin-based company obtained its own 50 per cent stake at the start of this war when it took control of the start of the war when it took control of the start of this year when it took control of Al-

Mitel near break-even

German luxury car maker, rose by ation had become less buoyant and 11 per cent to DM 6bn (\$3.4bn) to expressed concern about rising promid-May this year, outstripping the rise in production and unit sales, whe said Mr Eberhard von Kuenheim, put.

telecommunications equipment ma-ker acquired by British Telecom (BT) last year, has approached break-even point in operations but mistakes.

dinary items fell to C\$1.5m (\$1.15m) in the 12 months to March 27, from C\$81.5m a year earlier. But net losses for the year were C\$80.5m, or C\$1.09 a share, compared with C\$160.2m, or C\$4.12, in the fiscal

Last year's revenue increase was due largely to strong sales of the di-gital SX-200D PBX system, as well as improved demand for semiconductors and higher shipments of the large SX-2000 office switch. Mr Griffiths sounded a cautious

Pickwick's offer of £8.5m (\$13.6m)

The level of subscription is on a

THE OFFER for sale of shares in par with the response to the £4.9m Pickwick, the UK record company offer for sale of shares in the Bri-seeking a listing on the London tish specialty retailer Sock Shop Stock Exchange, yesterday became earlier this month, which was 53 the latest share offering to have times subscribed. Last Tuesday's been massively oversubscribed £3.9m offer of shares in Computer amid a wave of public enthusiasm People, the computer staff agency,

Group earnings per share were

DM 300m to DM 337.5m last year. higher than those of the parent but per cent. Asked about reports of in- to total about 20,000 cars

Pickwick share offer meets big demand

W. GERMAN LUXURY CAR MANUFACTURER FORECASTS STRONG GROWTH

BMW turnover rises by 11%

He said the overall economic situ-

where BMW sells a fifth of its out-

which Mr Werner Breitschwerdt,

hided to at the company's press con-

tectionist threat was a greater prob-lem for BMW than the fall in the

Mr von Kuenheim said the pro-

Noting that the West German

economy was ending several years

ference this week.

per cent to DM 15bn, with a 3 per dollar, which has seriously affected cent fall to DM 17.5bn in the group German exporters to North Ameri-

od last year mainly reflected of solid growth, he said BMW would

BMW's greater concentration on be sad if profits in this or coming higher priced models, notably the year showed a drop but would still

This car at the top of the BMW range was far outselling the compa-

ny's ability to produce it," said Mr in 1987. Last year, parent company

level of 1987 profits, after a rise in through a capital increase but were parent company net income - BMW maintained if this was allowed for.

on Knenheim. earnings per share fell from DM 47 He would not forecast the likely to DM 39 as a result of dilution

chairman of Daimler-Benz, also al-

The protectionist theme was one

closed 21 times subscribed. This month has also brought the worth of stock closed yesterday heavy oversubscription of the far morning with at least 90,000 applications chasing about 350m shares which more than 2m people put in more than 50 times the number applications for nine times the available. The allocation will be an- £1.36bn worth of shares available nounced today. Heavy rationing is a far bigger response than had been

It's stag mania," said one mer-

chant bank. The new issues mar- panies to come to the London stock ket has gone mad. The public now perceives offers for sale as nothing more than a means of making a fast This has increased people's hunger for the remaining share offer-

The company's chief shareholder 50 per cent in the first quarter. But

is the Quandt family, with over 60 it expects sales there for all of 1987

Public interest in new issues has been stimulated by a combination of recent strong rises in the stock market and by the high premiums attracted by government privatisation issues, which have put large profits in the hands of a wide section of the population. ferent story," said one.

Mr Eberhard von Kuenheim:

down on the previous year, Mr Dop-pelfeld added. He gave no figure, but analysts have forecast around

DM 60 a share against DM 64 in

1985. BMW is paying a maintained

DM 12.50 dividend.

At the same time, the number of

market through placings of shares with institutional investors.

Some merchant banks are concerned about the effects which privatisation issues are having on the new issues market generally. "The public does not seem to understand that smaller issues are a very dif-

"These tremendous responses to offers for sale has been reduced by relatively small issues inevitably changes in the new issue rules, lead to a great deal of disappoint which have made it easier for com- ment in the allocation."

BCI to spin off subsidiary

By David Owen in Chicago

BCI HOLDINGS, which last year took private Beatrice Companies, the food and consumer products conglomerate, in a \$6.2bn leveraged buyout, is to split its sole subsidiary nies via an initial public offering for its remaining non-food businesses and some specialty food lines.

The offering is expected to com-prise 30m shares at up to \$18 a share, giving it an indicated value of up to \$648m.

new public company, to be called E-II Holdings, will consist of 15 operating companies, including Stiffel Lamps, Samsonite luggage and the Culligan water softener business. BCI estimates that the units concerned accounted for about 20 per cent of the fair market value of the company assets at the end of its fiscal year in February. E-II will be headed by BCI chair-man, Mr Donald Kelly, a former chairman of Esmark before its ac-

nuisition by Beatrice in 1984 and a deal maker of some repute. Mr Kelly is expected to have a \$1bn acquisitions war chest at his disposal. The private food firm, which includes Hunt-Wesson Foods, Eckrich and Swift meats and Tropicana fruit juice, will be headed by Bea-

trice president Mr Frederick Since last April's leveraged buy-out, BCI has sold subsidiaries worth \$3.4bn to reduce debt.

More International company news on Pages 30, 33, 34 and 49

5% to SKr 624m BY SARA WEBB IN STOCKHOLM ELECTROLUX of Sweden, the thard Nilsson.

Electrolux advances

world's leading household appliances group, has reported a 5 per cent increase in profits even though sales surged 71 per cent in the first sales surged 71 per cent sales surged 71 per sales surged 71 per cent in the first continue to show improvements

Profits (after financial items) rose to SKr 624m (\$100m) against a return on a par with the group av-SKr 593m in the first quarter of erage by the end of 1987. Electrohix 1986. Both earnings and sales were is investing SKr 1.5bn in two pro-adversely affected by the further duction plants – for refrigerators dacline in the dollar, Electrolux and freezers, and for washing ma-

chines - in order to increase pro-Sales totalled SKr 15.57bn com. duction capacity. Production facilities at White pared with SKr 1.12bn the previous year and were boosted by Electro-lux's recent acquisitions, including the consolidated are being restruc-tured, and earnings are expected to the consolidated are being restruc-White Consolidated Industries, Za- reach \$150 nussi, Poulan/Weed Eater and Got- figures, by 1988.

Telefonica to launch risk capital venture

al de España, the partly state-owned Spanish telephone monopo-ly, yesterday announced plans to launch a risk capital venture bring-ing in private-sector shareholders and aimed at developing advanced-years to 1990 amount to Pta 1,280hn technology industries.

Mr Luis Solana, chairman, said the venture would start with a low share placement in the US of apinitial capital but that Telefonica proximately \$300m, which Mr Solawould seek participation from its na said would be the largest ever bankers and that the company operation by a foreign company in would probably be floated on the the US market. According to its

COMPANIA TELEFONICA Nacion- na said the company was in a posi-

prospectus, the application of US The plan is part of Telefonica's accounting practices would raise its

fa Romeo. The Arna venture has been a commercial disaster. Only around 50,000 Arnas (a version of the Nissan Cherry saloon) have been pro-duced each year since 1983. The car has not sold well in the Italian marexansion policy following a period declared 1986 net profit from Pta ket. The venture was set up original restructuring. Mr Sola- 45.2bn to Pta 185bn. nally in 1980.



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These securities are not registered under the Securities Act of 1933 and may not be offered, sold or delivered in, or to nationals or residents of, the United States. This announcement appears as a matter of record only:

FINANCE N.V. 13¼% Notes Due 1989

NOTICE OF REDEMPTION To the Holders of

\$100,000,000 ROCKEFELLER GROUP INTERNATIONAL

NOTICE IS HEREBY GIVEN to the holders of the outstanding 134% Notes Due 1989 (the "Notes") of Rockefeller Group International Finance N.V. (the "Company") that pursuant to the provisions of the Indenture dated as of June 21, 1984 among the Company, Rockefeller Group, Inc. and Bankers Trust Company (the "Trustee"), and the terms of the Notes, the Company has elected to redeem on June 21, 1987 all of the outstanding Notes. The redemption price is 1014% of the principal amount thereof plus accrued interest thereon to the date of redemption.

Payment of the principal and accrued interest will be made on and after June 22, 1987 (that being the first business day on or after June 21, 1987) against presentation and surrender of the Notes and any coupons appertaining thereto. Payment will be made in U.S. dollars, subject to applicable laws and regulations, either (a) at the office of the Trustee in The City of New York (the "U.S. paying agent"), or (b) at the offices of Banque Indoness Belgique (Formerly Banque du Benelux S.A.) in Brussels, Bankers Trust GmbH in Frankfurt/Main, Bankers Trust Company in London, Banque Internationale a Luxembourg S.A. in Luxembourg, Bankers Trust Company in Paris and Swiss Bank Corporation in Basle (each a "non-U.S. paying agent"). The Notes in bearer form, and coupons appertaining thereto, may be presented for payment only at the offices of a non-U.S. paying agent. Payments at the offices of non-U.S. paying agent by United States dollar secoust maintained by a payce with a bank in The City of New York, or by a transfer to a United States dollar secoust maintained by a payce with a bank in The City of New York, or by a transfer to a continuation of the Visited States in the United States may be subject to reporting to the United States Internal Revenue Service ("IRS") and to backup withholding at a rate of 20% if the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service ("IRS") and to backup withholding at a rate of 20% if the pa

by Bankers Treat Company at Trustee

Premier Group income soars to R153.9m

BY OUR FINANCIAL STAFF

PREMIER GROUP, the South Afripaid from net earnings per share of can foods producer indirectly concan foods producer indirectly con-trolled by Anglo American, boosted pre-tax profits 75.3 per cent in the year to March to reach R153.9m (\$77.5m).

This was achieved during a period when, according to Mr Tony Bloom, the chairman, "continual industrial unrest and absentees in played havoc with production tarplayed havoc with production to the prod gets, as did consumer boycotts by dustrial relations."

Profits at its core Premier Foods division were substantially in excess of expectations while the group's investment in South Afri-

Mr Bloom went on to claim that Turnover at Premier, which is involved in retailing as well as grain political profile had helped protect milling, moved up 17 per cent to fix export markets since the imposition of limited Western sanctions lifted to 105 cents from 86 cents, against the country.

AG Group boosts capital to safeguard ownership

THE AG Group, Belgium's leading insurance company, appears to have secured itself against the attentions of unwanted predators.

But the fate of Royal Belge, the other leading company in the sector where Axa of France and Groupe Bruxelles Lambert (GBL) both have Bruxelles Lambert (GBL) both have substantial stakes, is this week still

anging in the balance. Ana, in fact, has displayed its interest in the Belgian insurance industry by buying shares in both
groups but more recently has concentrated its energies on Royale

Ana, in fact, has displayed its inbetween Ana, which has at least a

25 per cent stake and possibly up to
41 per cent, and GHL which is
thought to control at least 25 per
centrated its energies on Royale

position is expected to become clearer after the annual meeting on May 27. The battle at this stage is

April, 1987

At Royale Belge, meanwhile, the



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Schindler plans to raise **SFr 210m**

SCHINDLER, the Swiss lift manu-Schritting, the swiss in mana-facturing group, plans to raise up to SFr 210m (\$145m) in new participa-tion certificate capital to butiress an ambitious diversification pro-

Mr Alfred Schindler, chief executive, said the diversification was de-signed to add close to SFr 1bn in stages to group sales which reached SFr 1.86bn in 1986.

The annual general meeting on June 15 will be asked to authorise the issue of 300,000 participation certificates at SFr 100 par with no urchase option for sharel

Instead, shareholders will receive free issues of one warrant per registered share and participation certificate and five warrants per bearer share. Twelve warrants will entitie holders to one new participation certificate at a price of SFr 700. Schindler had SFr 650m in liquid funds but the new equity capital was needed to reach its diversifica-

tion goal faster and without sacrificing expansion in the lift and escal-ator sector, Mr Schindler said. The capital increase is coupled

with the previously announced proposal to raise for the first time in seven years the dividend for 1986 from SFr 12 to SFr 15 per registered share and participation certificate and from SFr 80 to SFr 75 per bearer share. The dividend payment in real terms would be merely res-tored to the 1975 level.

Consolidated net earnings climbed by 5 per cent to SFr 48.7m in 1986, generated entirely from the Core lift, escalator and rolling stock

Since 1979 Schindler, the world's second largest lift manufacturer af-ter Otis of the US, has fought through acquisitions to maintain and expand its share of a stagnant SFr 7bn a year world market for lifts and escalators.

Simultaneously it has consolidated lift and escalator production by closing or selling 10 manufacturing units. Further closures in West Ger-many and Italy this year will complete the process.

The group has now been reorgarised into two divisions, one of which will look for activities outside lifts and escalators and aim eventually to provide about one-third of to-

Holmes à Court emerges as mystery buyer of Texaco stock

BY WILLIAM HALL IN NEW YORK

per cent stake in the company.

The confirmation of Mr Holmes à Court's interest in Texaco comes just over five weeks after Texaco, and two of its finance subsidiaries, filed for protection of the US bankrupty courts. This was done to prevent the company being crippled by a massive damages award which threatens its long-term survival.

There have been persistent rumarket levels, and that the intrinsic walker of Texaco's assets is substan
shares the view expressed by others that Texaco's assets are at prevent undervalued and the stock is a good long-term investment."

Mr Holmes à Court's purchase of lawe been purchased for investment purposes.

"Our assessment is that the market have been persistent rumarket levels, and that the intrinsic walker is shares the view expressed by others that Texaco's assets are at prevent undervalued and the stock is a good long-term investment."

Mr Holmes à Court's purchase of lating from \$30.375 to \$37 per share, between April 23 and May 19, was disclosed in a filing with the US disclosed in a filing with the US walking Texaco's assets is substan-which he controls.

Australian financier, has emerged as the mystery buyer of Texaco shares, the beleaguered US oil giant, and disclosed that he had spent close to \$500m acquiring a 6.4 per cent stake in the company. The confirmation of Mr Holmes à Court stake in the company. The Australian financier has alter the View expressed by others the react stake in the company. The Australian financier has alter to Mr James and the stock is a court stake in the company. The confirmation of Mr Holmes a Court stake in the company The shares the view expressed by others the view expressed by others that Texaco's assets are at present of the court stake in the company. The Australian financier has alter to Mr James and the stock is a court stake in the company. The shares in the company. The shares said.

Texaco issued a brief statement acknowledging the presence of its new shareholder: "We assume he shares the view expressed by others the product of the company. The shares in the company is the presence of its new shares in the company. The shares in the company is the presence of its new shares in the company. The shares in the company is the presence of its new shares in the company is the presence of the shares in the company is the presence of its new shares in the company is the presence of its new shares in the company is the presence of its new shares in the company is the presence of its new shares in the company is the presence of its new shares in the company is the presence

CDF-Chimie in talks with rival

BY GEORGE GRAHAM IN PARIS

CDF CHIMIE, the French stateowned chemicals group, is holding
talks which could lead to it taking
over control of La Grande Paroisse,

Both companies have made

production. It has already sold two
plants to Cedest, part of the Wendel/CGIP group.

La Grande Paroisse made losses

This would take majority control from the manufacture of phosof La Grande Paroisse away from phates and to rationalise nitrate 2.1hn.

over control of La Grande Paroisse, another French chemicals concern.

The two companies are discussing rationalising their fertiliser operations which could end in CDF Chimie has recently embarked on a restructuring plan, under its new president, Mr Serge Tchuruk.

CDF Chimie aims to with a Gel/CGIP group.

La Grande Paroisse made losses of FFr 35.5m last year, compared with profits of FFr 55.1m in 1985.

Losses at CDF Chimie, which was recently split off from the state-owned coal mines Charbonnages de France, amounted to FFr 2.6bn France, amounted to FFr 2.6bn (\$440m) last year, including exceptional restructuring costs of FFr

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FINANCIAL TIMES

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Floating Rate Notes due 1996

In accordance with the provisions of the Notes, notice is hereby given that for six-month Interest Period from 26 May 1987 to 27 November 1987 the Notes will carry an Interest Rate of 7.9875 per annum and the Coupon Amount per US\$10,000 will be US\$410.47.

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April 23, 1987

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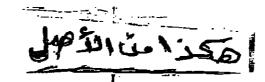
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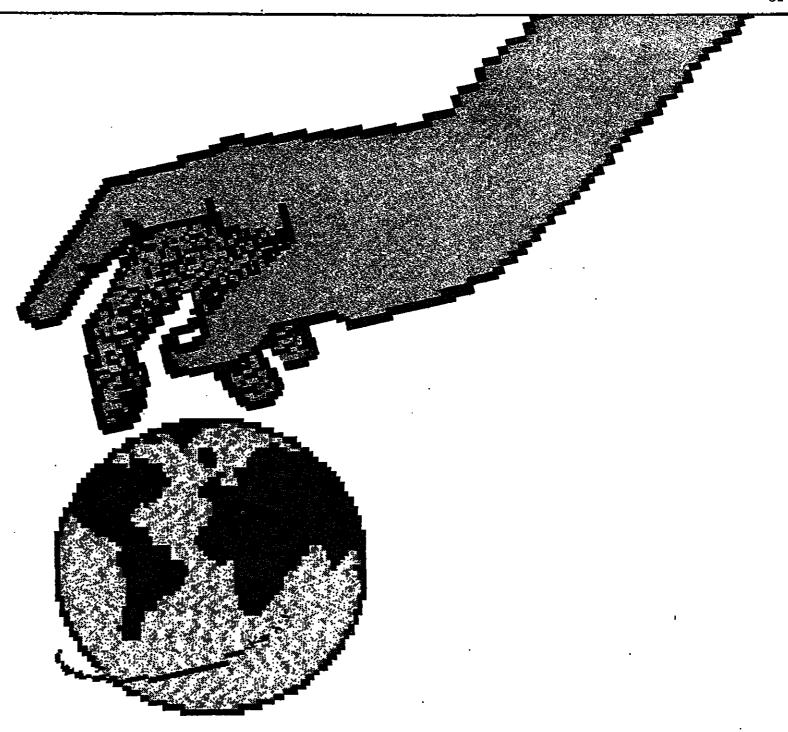
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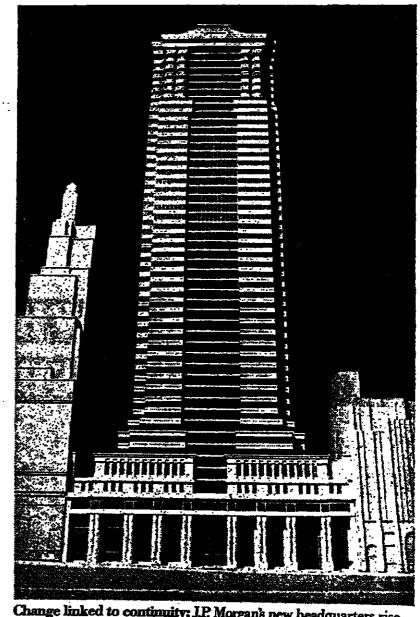
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FRN prices recover after Citicorp loan loss move

PRICES OF Eurodollar flosting rates notes for US banks recovered modestly yesterday as the market regained its composure after Citicory's announcement that it would add \$300 to its loan loss reserve to cover Third World debt exposure.

Dealers said the view that the Citicory move would not cause problems to the banking extern and might actually onen customers at the annual meet
prices of Eurodollar flost ing in the next century. This decision had helped to restore from \$100m to \$130m, has a three-year life and carries two-pear warrants which will have value if the gold price rises by deded fractionally higher, following declines of 1 point on that period.

The pricing of the package, at 118.175, implied a 1013 price for the 9 per cent bonds—giving a spread over Treasuries of 52 basis points at launch—customers at the annual meet-end of \$118.

take problems to the banking system, and might actually open the way to an eventual resolution of the debt crisis, had gained hold.

Prices consequently recovered in the dated and perputnal sec-tor as trading houses covered short positions. Little retail in-terest apparently emerged, how-

Prices of perpetual FRNs, paper issued by banks with no final maturity, improved by about 1 point, while dated issues for American banks added between 1 and 2 point. The sectors fell on Wednesday by 2 to 3 points in reaction to the Citicara move. the Citicorp move.

However, the point that repercussions could still be felt

in bond markets to the Citicorp move was underlined by the withdrawal in the New York market of a \$200m, 12-year note issue for Chase Manhattan, the price of which had dived in when-issued trading. Chase cited "uncertainties in the market place" in its decision.

The Citicorp move prompted to a 4½ point premium. Led firms making markets in dated by Daiwa Europe, the issue has US bank FRNs to agree to widen their dealing spreads from ten hasis points to 25 basis points for maturities before 2000, and to 50 basis points—

The Citicorp move prompted to a 4½ point premium. Led by Daiwa Europe, the issue has by DM 150m issue for Arab Bank ing Corporation, with a five-year maturity, an indicated coupon of 1½ per cent coupon. The issue was well received and traded comfortably within its fees. 2000, and to 50 basis points— latest borrower to launch a in line with dealing spreads on bond linked to the price of perpetuals—for notes mature gold. The issue, quickly in-

customers at the annual meet-

INTERNATIONAL **BONDS**

ing of the Association of International Bond Dealers in Oslo. Issues, where changed, were 1 to i point firmer, supported by better sentiment both for the New York bond market and the

Rumours intensified of an Imminent i point rise in the US discount rate from 51 per cent, where it has stood since August 21 1986, which was supporting bond prices because it implies improved prospects for the dollar. Short-term rates, which indicate the cost of carrying securities inventories.

carrying securities inventories, have probably visen enough not to be affected by such an increase, dealers said. In the equity-linked sector, Sumitomo Corporation made a \$300m issue with equity warrants which quickly moved to a 4½ point premium. Led-

Ex Merrill man joins Benetton

BY ALAN FRIEDMAN IN MILAN BENETTON, the Italian leasing, factoring, interest and currency swaps, underwriting of syndicated loans and insurance, but Franzi, who will be based in Miland, was Merrill's senior officer for investment banking.

Report of the control of the currency swaps, underwriting of currency sw 45, formerly a managing director of Merrill Lynch in London, to head its new clothing and an additional financial services subsidiary. L500bn of business in leasing The services already include and factoring.

| Property Praise | Property | Pr

The pricing of the package, at 113.175, implied a 1013 price for the 9 per cent bonds—giving a spread over Treasuries of 52 basis points at launch or 52 pass points at daunch— and a warrant price of \$118. This means that the warrants effectively carry a 25 per cent exercise premium over the yesterday's gold price of \$470.60 an ounce. On exercise, warrant-bolders will be paid the difference between the spot price at the time and \$470.60. The issue traded well within its

the Australian dollar In the Australian dollar sector, Morgan Guaranty led a A\$75m issue for Helaba Finance, a subsidiary of Hessische Landesbank-Girozeotrale and carrying its guarantee. The nine-year issue has a 13‡ per cent coupon and 101‡ pricing. Aegon, the Dutch insurance group, made a A\$50m issue led by Swiss Bank Corporation International, with a four-year life. 14 per cent a four-year tife, 14 per cent coupon and 101; pricing.

In West Germany, Electricite de France made a DM 300m 10-year issue led by Deutsche Bank and priced at 99‡ with a

D-Mark bond prices were slightly higher in shorter maturities, and little changed

elsewhere. Ireland tapped the Swiss franc market with a SFr 150m 15-year issue led by Swiss Bank Corporation, priced at par with a 5 per cent coupon. The issue was well received.

Union Bank of Switzerland led a SFr 100m private place-ment for Compania Sevillana de Electricidad, a Spanish utility. The five-year issue was priced at par with a 41 per cent coupon. Swiss franc bond prices

FT INTERNATIONAL BOND SERVICE define intermetional bonds for which there is an adminute secondary market.

Closing prices of Chapter Kor 1007, 100 1007, 1007, 1017, 1007, 1007, 1007, 1007, 1007, 1007, 1007, 1007, 1007, 1007, 1007, 1007, 1007, 1007, 1007, Sweden, Kingdom Sh 75 ... 29 1805, 1805, -4

Average price change on day -65, but

All Electroists 144, 90 A5 ... 30 1824 185 ...

Bernst Bank 159 0 A5 ... 30 1824 185 ...

Bernst Bank 159 0 A5 ... 30 1824 185 ...

Bernst Bank 159 0 A5 ... 30 1825, 1834 ...

Consider 143, 92 A5 ... 180 1805, 1834 ...

Bestsche Bit, 140, 92 A5 ... 180 1805, 1804 ...

Bestsche Bit, 140, 92 A5 ... 180 1805, 1804 ...

Bestsche Bit, 140, 92 A5 ... 180 1805, 1804 ...

Bestsche Bit, 140, 92 A5 ... 180 1805, 1804 ...

Bestsche Bit, 140, 92 A5 ... 180 1805, 1804 ...

Consider Pet, 107, 90 C5 ... 75 ...

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Genster Fin, 111, 95 C5 ... 75 ...

Fin, 121, 95 R5 ... 180 ...

Bestsche Bit, 94 C5 ... 75 ...

Bestsche Fin, 111, 95 P6 ... 180 ...

Bestsche Fin, 112, 95 P7 E... 1804 ...

Bestsche Fin, 113, 95 P7 E... 1804 ...

Bestsche Fin, 114, 97 Ecc ... 180 ...

Bestsche Fin, 114, 97 Ecc ... 180 ...

Bestsche Fin, 115, 95 P7 E... 1804 ...

Bestsche Fin, 116, 95 C5 ... 75 ...

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Bestsche Fin, 116, Equit 626 646 647 857 851 14 57 632 74 636 732 74 6 | Windowski | S. | Windowski | S. | Windowski | S. | Windowski | S. | Windowski | Windowsk

S Korean securities firms lift net by 265%

SOUTH KOREA's securities south Roberts securities houses increased net profits by an average of 265 per cent to 136hn won (\$163.5m) in 1986, reflecting the boom in the country's stock market, Ministry of Finance officials reported.

Top earner was Daewoo Securities with a 457 per cent rise in net profits from 2.8bn won in 1985 to 15.5hn won last year. Daishin Securities saw profits rise from 3.6bn won to 13.1bn won, an increase of 262 per cent.

Ssangyong Securities, joint lead manager of the Korea Eurofund through which foreign investors can buy stocks in the Scoul market, saw its net profits go up by 242 per cent from 3.3hn won to 11.5hn won.

The dramatic rise in profits follows the substantial increase in both stock prices and turnover on the Korean stock exchange in the past year. The value of shares year. The value of shares traded daily on average in 1985 was \$12.8m, a figure which jumped to \$32m in 1986. In the first three months of this year, according to broker W. I. Carr, the value had risen to \$73m.

The companies have also made great gains from securities trading with their own resources. Securities firms are allowed to invest up to 40 per cent of their own capital in the market. The Kores stock exchange com-posite price index increased from 199.76 at the close on March 31, 1986, to 405.13 a year later.

Companies are planning to issue new stocks this year totalling 577bn won, according to the Securities Supervisory Board. The South Korea con-glomerates head the list of companies planning to go to the market.

The Samsung group is to raise capital of 84hn won, Hyundai is to issue new stock worth 71.9bn won and Daewoo will raise 68.7bn won. The planned issues will bring the total of new capital raised this year to 668hn won, slightly lower than last year's total.

Hong Kong office for Dong Shuh

By David Dodwell in Hong Kong DONG SHUH, South Korea's largest stockbrokers behind Daewoo, has opened a representative office in Hong Kong, the first Korean broker to establish a presence in the British territory.

British territory.

The three-man office will for the time being be confined to research work, and to establishing links with international institutions in Hong Kong, since the Government in Seoul has yet to provide licences for local broking houses to solicit foreign investment in Korea's speck exchange. Tight foreign stock exchange. Tight foreign exchange centrals currently prevent outward investment

fro mKores Mr Kim Hyundong, Dong Shuk's general manager in Hong Kong, said yesterday that Korean government that Korean government approval for overseas licences could be given in 1988. He said that once approval was given, the company would be seeking institutional investment in the Korean market, and would be looking to participate in underwriting new listings in the Hong Kong market.

market.
Deng Shuh has a paid up capital of US\$46m, with representative offices in London and Tokyo, and plans to open an office in New York

currently has a daily turn-over of about half the HK\$1bn (US\$128m) turnover at present being recorded in Hong Kong.

N, AMERICAN **QUARTERLIES**

CARLING O'KEEFE Brawing		1
	1986-87 CS	1985-\$6 C\$
Year Revenues Op. net income Op. net per share † Loss	898.4m 12.8m 0.50	832.9m 1.05m 10.04
CAMPBELL SOUP Food processor		
•	1986-87 \$	1986-96
Third quarter Revenues Net Income	1.13bn 48.1m 0.74	1.07bn 51m 0.79
Revenues	3.49bn 177.2m 2.73	3.28bn 175.5m 2.71
PIRESTONE TIRE Tyres, plastics		
	1996-87 \$	1965-85 S
Second quarter Revenues Net income Net per abare	952m 29m 0.77	813m 12m 0.31
US SHOE Footwar		
	1987 \$	1984 S
First quarter Revenues	505.6m 8.04m 0.18	436.9m 3.2m 0.07

Transfer of Euroyen bond centre to Tokyo suggested

BY CLARE PEARSON IN OSLO

bond market to be repatriated from London to Tokyo and said this would give "a strong push to the lagging efforts to internationalise the Tokyo capital market.

Last year new issue volume

Camurai market (the

Bank of Japan to shorten settlement time

By Peter Bruce in Tokyo

the Tokyo financial market. Bank officials said it was

planned to introduce a four-day night delivery system that is used in other advanced financial centres.

can take place up to 20 days after they are traded, with settlement dates fixed on the 10th, 20th and last days of every month. The long settlement times

the long settlement times have on occasion been blamed for distorting the bond market. Speculation with bonds not yet paid for had damaged the stability of transactions, officials

the Euroyen sector to Tokyo would deter European investors who, they said, had fuelled massive growth in the Euroyen market.

remove constraints on the Samurai market were not enough, he said.

MR YUSUKE KASHIWAGI, corder to broaden participants in than the year before.

Chairman of Bank of Tokyo, yesterday called for the Euroyen band market to be repatriated pressed concern that a switch of market as part of a wider liberalisation in Tokyo. Steps taken by the Ministry of Finance to

market."

Last year new issue volume
An overall reform was
in the Samurai market (the
International Bond Dealers' domestic market for foreign
annual meeting in Oslo, Mr
Kashiwagi also called for a review of Article 65, which separtices the activities of banks and securities houses in Japan, in the same to Y2,487bn—85 per cent more

ough, pe said.

An overall reform was dentisy banks to hold non-residents' Euroyen bonds in their offshore accounts and bringing the taxation of securities in Japan into line with international norms.

Dealers told not to lose touch with final investors

national securities houses were many investors away to the forgetting the needs of final domestic markets was a theme forgetting the needs of final THE Bank of Japan, the central bank, said yesterday it will shorten dramatically the traditional bond settement period in linear shorten dramatically the traditional bond settement period in linear shorten dramatically the traditional bond settement period in linear shorten dramatically the traditional bond settement period in linear shorten dramatically the traditional bond settement period in linear shorten dramatically the traditional bond settement period in linear shorten draws a number of other speakers. Mr Charles McVeigh, managing director at Salomon Brothers International, said the subject of lively debate at the Association of Brothers International, said linear shorten draws a number of other speakers. Mr Charles McVeigh, managing director at Salomon Brothers International, said linear shorten draws a number of other speakers. Mr Charles McVeigh, managing director at Salomon Brothers International, said linear shorten draws a number of other speakers. Mr Charles McVeigh, managing director at Salomon Brothers International, said linear shorten draws a number of other speakers. Mr Charles McVeigh, managing director at Salomon Brothers International, said linear shorten draws a number of other speakers. annual conference yesterday, writes Clare Pearson in Oslo.

Applause greeted one speaker who said the collapse At present, bond deliveries showed houses had forgotten the present at the end of the

But Mr Steven Licht, managing director of Merrill Lynch Europe, replied: "Reports of illiquidity of FRNS have been exaggerated. Investors have been able to sell—though they might not have liked the price."

However, the need to

THE DANGER that inter- sive liberalisations have drawn this made it vital for firms to maintain relationships with

clients.
Mr McVeigh also emphasised the need for firms to decide whether to deal in all the major capital markets become niche players. He foresaw that increased

competition and rising costs associated with the demand of domestic regulators meant there would soon be no room for the house.

Replying to concern from the floor that niche players would be ignored by borrowers, Mr John Brown, chief financial officer of Standard Oil, said: "They can be very successful. improve liquidity in the Euro-market at a time when succes-decided that have the problem."

Abbey National to double facility

BY OUR EUROMARKETS STAFF

society in terms of assets, is The previous facility, with 43

NEW ISSUE

aiming to double to £500m the banks, has been heavily used

ABBEY NATIONAL, the issuance in any traded Euro-purposes of the seven-year second-ranked British building currency including Ecus. to raise money in sterling, are the backing of commercial paper and financing of acquisi-tions. Terms were not disclosed.

aiming to double to £500m the size of a financing facility it by the building society. Signed last October with a group of banks led by Samuel Montagu. The financing, an uncommitted tender panel facility providing cash advances with maturities of up to six months, will also be given an option for

Fecsa pulls back from interest rate cut threat

By David White in Madrid

FUERZAS Electricas de Cataluna (Fecsa), the Spanish power company which is trying to renegotiate \$5bn worth of debt, has made a conciliatory gesture to its bank creditors by backing down on its threat to cut interest rates unilaterally. At the end of last month, it told banks that until an agreement was reached it would apply the reduced interest rates which it was seeking as part of its proposed viability plan. The terms of this plan, which would cut interest on dollar loans to 1.5 points below the London interbank offered rates (Libor), have been rejected by foreign banks, which hold about \$1.2bn in foreign currency Fecsa debt. In March, the company sus-pended principal repayments on

all its bank credits. Fecsa's change of position is pegged to the formation of a steering committee of creditors to negotiate a rapid solution for the company, whose problems have been blocking other Spanish private sector utilities from access to the international

Equity offering by Midi unit

By Our Euromarkets

COMPAGNIE Financiere de Paris, the financial services sub-sidiary of the Paris-quoted Compagnie du Midi, yesterday launched an initial public offering of shares split between the domestic and international

equity markets.
Midi, a diversified holding company, will retain control of the company after the offering, which is thought to be the first initial public offering for a private French company to be launched simultaneously in both international and domestic markets.

A total of 1m shares-22.36 per cent of Financiere's equity
—is being offered at a price of
FFr 540. Half of that will be
offered in France through
brokers Nivard Flornoy, while
Swiss Bank Corporation Inter-

May, 1987

All these securities having been sold, this announcement appears as a matter of record only.



TATEHO CHEMICAL INDUSTRIES CO., LTD. (Tateho Kagaku Kogyo Kabushiki Kaisha) (Incorporated with limited liability in Japan)

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Taiyo Kobe International Limited Sanwa International Limited Union Bank of Switzerland (Securities) Limited

INTL. COMPANIES and FINANCE

Pacific Dunlop, Oilmet launch bids

TWO TAKEOVER bids worth more than A\$580m (US\$420m) requires Bonds Coats Patons were announced yesterday as acquisition fever continued in Australia. Pacific Dunlop, the rubber-based industrial group, is making a A\$220m offer for British-controlled textile producer Bonds Coats Patons, while company's British-based in the company's British-based form offer for British-profile Australian stockbroker, has launched a A\$360m offer for the QBE Insurance group.

The Pacific Dunlop bid was rumoured earlier this week and based division which has a condition. It number of established brand names in Australia. The offer is absolute in answers in Australia. The offer is also comes in Australia. The offer is also comes in Australia. The offer is also come and A\$2 is also shares were trading as low as a \$3.50 of the bid will offer is also come is foreshadowed one-for-five bonus issue by Burns Philip, the trading house also per cent of QBE and bid if the proposed sale is bid compares with a last sale price of A\$5.36 for Bonds which owns 50 per cent of QBE and bid if the proposed sale is bid if the proposed sale is bid if the proposed sale is sale price of A\$5.36 for Bonds which owns 50 per cent of QBE and bid if the proposed sale is bid if the group into its components of the company's thread shares were trading as low as \$45.60 the company's British-based for the company's being offered for the company's carlier this year.

The British company's directively bonus issue by Burns Philip, the trading house sale price of A\$5.36 for Bonds which owns 50 per cent of QBE and bid if the proposed sale is bid will compare with a last sale price of A\$5.36 for Bonds and has been in a rationalisation bid if the proposed sale is bid will compare with a last sale price of A\$5.36 for Bonds and has been in a rationalisation bid if the proposed sale is bid will compare with a last sale price of A\$5.36 for Bonds and has been in a rationalisation bid if the proposed sale is bid if the proposed sale is bid if the proposed sale is bid if the propos

Rising yen hits Japan's electrical groups

JAPAN'S leading electrical JAPAN'S leading electrical groups are hoping for a slight recovery this year following the second year in a row of sharp declines in their profits caused mainly by the rising yen.

Hitachi, the industry leader, as well as Toshiba and Mitsubishi said they were counting on an upturn this year in the semiconductor market, while demand in most other areas

RESULTS FOR YEAR ENDED MARCH 1987 Primera Toshiba Mitsubishi Electric Fuji Electric

demand in most other areas would remain flat.

Hitachi and Mitsubishi also said their profits would be boosted this year by the benefits of their rationalisation.

Hitachi and Mitsubishi also said their profits would be peak level of Y255.9hm in 1985.

Toshiba's profits have fallen by also said that although its sales were flat, the yen's rise theirs, Hitachi at Y9 and Fuji at Y6.

of Y130hm. The value of ex-ports was maintained at Y726.8bn, mainly because the spectacular growth of sales of lap top computers and large (one megabyte) semiconductor memory chips, offsetting de-clines in exports of other pro-Toshiba and Mitsubishi Elec-tric said domestic sales of con-

sumer products, such as colour televisions and videocassette recorders, grew satisfactorily, Mitsubishi cut its annual dividend from Y8 a share to Y6, while the others maintained theirs, Hitachi at Y8, Toshiba at

Fuji Photo Film boosts first-half profits by 8.8%

FUJI PHOTO FILM, Japan's of consumer photo products and leading maker of photosensitive industrial products fared well. Overall turnover improved by 3 per cent rise in ported an 8.8 per cent rise in pre-tax profits to Y62.97hm (\$450m) in the half-year to April 1987.

Net profits were 4 per cent higher at Y29.83hm. The company said the cost-to-sales ratio declined 3 percentage points, thanks to a decline in raw projects pre-tax profits at material prices and rationalisation of its photosensitive emulsion production.

During the half-year, the yen per the year-end dividend at appreciated by about 20 per tent, which alashed export revenue by Y1.6hm. However, sales of consumer photo products and industrial products fared well.

Overall turnover improved by 3 per cent to Y32.44hm. In the current half-year to September, the company expects a dismal business climate owing to the yen and intensifying competition. An upsurge in the silver price is also expected.

For the full fiscal year, Fuji projects pre-tax profits at Y114bm, unchanged from the year.

after two years and two days in which 400 witnesses gave

Accused with Mr Tan are Mr

Crown completes its case in Carrian fraud trial

evidence.

BY DAYID DODWELL IN HONG KONG

LORD BENSON, an authority on the accountancy profession and one of the Hong Kong Book of Records, since the Government's leading prosecution witnesses in the Carrian viously heard was that of fraud trial, completed giving Angelo Buono, who was found evidence yesterday, bringing guilty in a California court in the crown's case to an end after a 14-month period in which a total of 101 witnesses were

Carrian Investments, a shipping and property group, collapsed in 1983 with debts estimated at HR\$10bn (US\$1.28bn). Its ormer chairman Mr George Tan and Street man, Mr George Tan, and five associates, face charges of conspiracy to deraud in connection with the collapse.

The case is already the longest ever heard in a Hong Kong court, and has so far cost

the Government more than HK\$27m to prosecute. Lawyers defending Mr Tan and his five associates are now expected to spend the next three months making submissisons in camera, arguing that Mr Tan has no case to answer. Meanwhile, the jury has been stood down.

If these submissions fall, the jury will be recalled, and defence lawyers are expected to take most of next year pre-senting their case.

Accused with Mr Tan are Mr Bentley Ho, a former director in Carrian, Mr David Begg and Mr Anthony Lo, A partner and a manager in the accountancy firm Price Waterhouse, and the brothers Rogerio and Stephen Lam, who were directors in a group called Bylamson. The collapse of Carrian has been a major embarrassment to the Malaysian Government, because Bumiputra Malaysia Finance, the Hong Kong-based subsidiary of Malaysia's biggest bank, was Carlan's main credi-tor. It had debts of about HK\$Sin outstanding when Car-

Ministers in the Malaysian Government have been linked with the scandal, which has been the subject of investigation by the country's Attornay General.

Air New Zealand looks for maintained results

BY DAI HAYWARD IN WELLINGTON

shareholder—later this year.
Last year the company had a
NZ\$133m operating profit and
is expected to be close to repeat-

existing business.

As part of its plan to counter this, Air New Zealand is expanding its international services. Developments include:

A weekly Auckland to Frankfurt service in October;

An Auckland-Dallas-Fort Worth-Gatwick service in November.

The Auckland-Dallas connection will open up the American South and Midwest and other US destinations with connections through American Airlines and Delta Air. Air New Zealand has inter-line agreements with both these operators.

AIR NEW ZEALAND, the national flag carrier, is expected to save confident the Dallas to ahow an operating profit of well over NZ\$100m (US\$58m) tourism. Air New Zealand also for the year which ended in plassenger traffic now carried to Parliament—its sole to the South Pacific by United and Continents and C and Continental Airlines.

With its connections to Tahiti and Fiji, Air New Zealand itself will launch a ing this despite higher operating this despite higher operating costs and increased competition.

In July Air New Zealand

Zealand usen will immediate tourist drive, selling the South Pacific as a package for Americans and Europeans looking for more than one-In July Air New Zealand faces even more intense competition on its domestic routes when the Australian-based Ansett Airlines begins operating between the major cities. It is estimated this could cost Air New Zealand 20 per cent of its avisiting business. German tourists. To make the Frankfurt service pay it needs to double the number of West Germans now visiting New Zealand but, as these at present number only about 11,000 a year, the alrline and tourist operators see ample room for promotion.

Worth-Gatwick
November;

Stepping up its Singapore flights to four a week;
Proposals for a joint Air NZ-Cathay Pacific service to Hong Kong; and
The Auckland-Dallas connection will open up the American two will open up the American placing a firm order

The carrier is still pushing that was a first a sixth alreraft were postponed during a downturn in demand 18 months ago. Now the sirline is again considering placing a firm order

The carrier is still pushing

The carrier is still pushing for rights to fly between Australian cities but so far has not been able to break through the federal government's two airline domestic policy.

C. Itoh takes over top sales spot from Mitsubishi

THE deflationary effects of the yen's appreciation has produced a big change in rankings among Japan's six dominant trading 33 per cent, and domestic sales

Sumitomo Corporation advan-ced to second from fourth in

28 per cent appreciation against the dollar.

Japan's six dominant trading houses.

C. Itoh has obtained the top position among Japanese trading houses in overall sales, which totalled more than Y14,000hn (\$100.1bn) for the year to end-March, due to the company's strategy to intensify domestic sales to cope with the yen's appreciation.

Sumitoma Corporation advangement activities including Y21.8bn in loan write-offs.

ced to second from fourth in the previous year, while Marqbeni came third from fifth. However, Mitsubishl, which had maintained the top spot for 18 years, fell to fifth place with sales of Y11,853bn.

Mitsubishl's large sales fall was attributed to its heavy dependence on primary products, including crude oil, hit hard by sluggish international commodity prices and the yen's 28 per cent appreciation against the dollar.

Mitsul's pre-tax profits sourced 23.5 per cent to Y34.62bn, thanks to lowering interest rate and increased earnings from securities sales. The yen's appreciation slashed sales by Y2,100bn and oil price fall trimmed sales by Y440bn.

C. Itoh, the largest trading house in terms of annual sales, suffered a 13.7 per cent fall in pre-tax profits to Y35bn, but its need to yen's appreciation slashed sales by Y2,100bn and oil price fall trimmed sales by Y440bn.

C. Itoh, the largest trading house in terms of annual sales, house in terms

JAPANESE TRADING HOUSE RETURNS

	Results for year ended march 1797 Pre-tax			Net		
	Sales Y ba	Change %	profits Y bn	Change %	profits Y be	Change %
fitsubishi fitsui umitomo . Itoh farabeni fissholwai	11,853.80 12,628.05 12,923.20 14,255.80 72,866.20 7,318.55	-27.4 -21.0 10.0 7.0 7.5 17.0	79.49 \$4.62 46.07 35.93 30.99 29.73	+54.0 +23.5 - 3.0 -13.7 -25.0 - 2.8	21.50 9.61 22.77 9.84 6.97 4.02	- 8.0 + 0.9 +10.3 +19.4 +12.3 + 3.1

NOTICE OF REDEMPTION TO THE HOLDERS OF COMCAST CORPORATION performed in the Commonwealth of Pennsylvania

U.S. \$50,000,000 7 per cent. Convertible Subordinated Debeutures due 2000 Convertible into Class A Common Stock of Concast Corporation NOTICE IS PEREBY GIVEN that Connect Corporation has elected to redeem all of in outstanding 7 per cent. Convertible Subordinated Debentures due 2000 (the "Debentures") on May 27, 3887 (the "Redemption Dans"), at the redemption price of 105 per cent. of their principal account, together with interest accused therein from September 4, 1986 to the Redemption Date in the amount of USSNL14 per USSI,000 Debenture, or USSI,101.14 (the "Redemption Price").

On May 27, 1987, the Redemption Price will become due and psyable upon all Debentures, and interest on the Debentures shall cease to accome on and after that

All Beauer Debeniures, together with all interest coupous appendiums freeto, quanting other the Redemption Date, are to be surrendered for payment of the Redemption Price at the specified offices of any of the following paying and conversion agents: (a) Benkers Trust Company, Dashwood House, 69 Oid Brusel Street, London Bt.27 2EE, (b) Banque Indonese Belgiums (Formerly Banque Indonese; London Bt.27 2EE, (b) Banque Indonese Belgiums (Formerly Banque Indonese; Lumembourg, 39 AlberScheller, L-2701 Immemburg, (d) Banque Indonese; Lumembourg, 39 AlberScheller, L-27201 Immemburg, (d) Banque Indonese; Bank Corporation, Asschwertonistati 1, CH 4022 Benie, Sviker-ined and (f) Bankers Trust Goubil Bockenbeimer, Landstrasse 39, P.O. Box 2665, 6000 Frankfurt/Mein I, West Germany, All registered Debenfurus are to be surrendered for payenest of the Redemption Price at the Corporate Trust Clife of Bankers Trust Company in the Boxough of Manhattan, The City of New York, or, at the option of the holder, at the office of Sayof the paying egents, subject to applicable laws and regulations.

Company in the Borough of Manhattan, The City of New York, or., at the option of the holder, at the office of any of the paying spents, subject to applicable hous and regulations.

The Debentures are convertible into Class A Common Stock of Compant Composition ("Common Stock") up to the close of business on May 27, 1987. Bearer Debentures may only be surrendered for conversion at an office of a conversion agent outside the United States. Registered Debentures may be surrendered for conversion at the Corporate Trass Office of the Trustoe in New York City or, at the option of the holder, at the office of any of the conversion agents subject to applicable laws and regulations, Each USSI, 000 principal amount of Debentures is convertible into 62.8272 shared of Common Stock, after giving effect to a three-fortwo stock spik effected in December, 1986, Based on the closing price of the Convertible into 62.8272 shared of Common Stock, after giving effect to a three-fortwo stock spik effected in December, 1986, Based on the closing price of the Convertible into 62.8272 shared in December, 1986, Based on the closing price of the Convertible into 62.8272 shared in December, 1986, Based on the closing rice of the Convertible into 62.8272 shared in December, 1986, Based on the closing rice of the Convertible into 62.8772 shared in December, 1987, and USSI, 000 Debenture would convertible to approximately USSI, 429-32 worth of Common Stock. The right of convertible to the first of interest (except in respect of matured compons in the case of Bearer Debentures), dividends of factional shares shall be made upon conversion of any Debenture. A cash payment in lieu of factional shares will be made on the basis of the last reported sale price of the Class A Common Stock on the NASDAQ National Marchet on the business day proceeding the day of automoder of the Debentures for conversion.

Holders of Dependers who wish to convert their Debundares into Common Stock should mader their Debenmen for converting so later than the close of lyminess on May 27, 1987, together with all interest coupons appendingly thereto maximing after such date, in the case of Beauty Debenmen. COMCAST CORPORATION

April 13, 1987 By: Bankers Treat Company at Trustee.

WOOLWICH EQUITABLE **BUILDING SOCIETY** £208,000,000 Floating Rate Loan Notes Due 1995

In accordance with the terms and conditions of the Notes, notice is hereby given that for the three months interest Period from (and including) 19th May, 1987 to (but excluding) 19th August, 1987, the Notes will carry a rate of interest of 8th per cent. per annum. The relevant interest Payment Date will be 19th August, 1987, The Coupon Amount per £10,000 will be £222.12, psyable against surrender of Coupon No. 6 In accordance with the terms an conditions of the Notes, notice : Hambros Rank Limited
Agent Bank

THE KINGDOM OF BELGIUM U.S.\$100,800 PLOATING RATE BONDS DUE NOVEMBER 1996

in accordance with the provisions of the Bonds, notice is hereby given that the Race of interest for the second interest Period from the 20th May. 1987 to 20th November, 1987 to 20th November, per annum. Interest payable on each US\$250,000 on the relevant interest date, 20th November, 1987, will be US\$9,822,92. SYENSKA HANDELSBANKEN PLC, Agent

Premier

BEST YEAR EVER

I am pleased to report record results

- an increase of 55% in attributable earnings,
- higher dividends,
- good prospects for the year ahead.

A H Bloom, Chairman

PRELIMINARY ANNOUNCEMENT

for the same anded 37 March 1097

Jor the year	r ended 31 Morch 1967	
Turnover	R2,690 million	UP 17%
Trading Profit	R 157 million	UP 16%
Profit before Tax	R 154 million	UP 74%
Attributable Earnings	R 148 million	UP 55%
Market Capitalisation	R2,671 million	UP 105%
Earnings per Share	233 cents	UP 43%
Ordinary Dividend	105 cents	UP 22%

DECLARATION OF FINAL DIVIDENDS

ORDINARY DIVIDEND (NO. 148) A final ordinary dividend (NO. 148)
A final ordinary dividend for the year ended 31 March 1987 of 69 cents per share (1986:54 cents) has been declared payable on or about 15 July 1987 to members registered in the books of the Company at the close of business on 26 June 1987. This declaration, together with the interim dividend paid in January 1987 makes a total distribution for the year ended 31 March 1987 of 105 cents per share (1986:86 cents).

PREFERRED ORDINARY DIVIDEND (NO. 3)

Preferred ordinary dividend (No. 3) for the six months.

Preferred ordinary dividend (No. 3) for the six months ended 31 March 1987 of 67.5 cents per share (1986:40.3 cents) has been declared payable on or about 15 July 1987 to members registered in the books of the Company at the close of business on 26 June 1987.

These dividends are declared in the currency of the Republic of South Africa. Dividend cheques will be posted on or about 15 July 1987 to members at their registered addresses and will be dispatched from the office of the Transfer Secretaries in Johannesburg to all payers except those to whom payment will be made from the office of the London Registrar of the Company (Hill Samuel Registrars Limited). Any instructions which will necessitate an

must be received on or before 26 June 1987.

Psyments from the office of the London Registrars of the Company will be made in United Kingdom currency calculated by reference to the rate of exchange ruling on 3 July 1987 or at a rate not materially different therefrom. Non-resident shareholders' tax at the rate of 15% and United Kingdom tax will be deducted from the dividends where applicable. The transfer books and register of members will be closed from 27 June 1987 to 5 July 1987, both days inclusive.

Transfer Secretaries:

Hill Samuel Registrars (SA) Ltd (Mrs.) J A Elgie CA (SA) 6th Floor

Group Company Secretary Transfer Secretaries: 94 President Street Johannesburg 2001 21 May 1987 Registered office:

April 1987

London Registrars: Hill Samuel Registrars Ltd 6 Greencoat Place Premier Group Centre 1 Newtown Avenue London SWIP IPL Killarney 2193 South Africa

Copies of the above will be posted to Registered Shareholders and can be obtained from the London Secretaries, Barnazo Brothers Limited, 99 Bishopsgate, London EC2M 3XE.

This advertisement appears as a matter of record only.



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BANK OF MONTREAL

UK COMPANY NEWS

Alice Rawsthorn on the revival of a former holiday camp company

Back to work for Corton Beach

IN THE 1960s the name Corton IN THE 1980s the name Corton Beach conjured the "hi-de-hi" world of an east coast holiday camp and one of the fastest-moving companies on the stock market. In the 1970s it had slipped into the ranks of the delisted "shell" companies.

Today it is being revitalised as a mini-conglomerate on the

Third Market. It has been revived by Mr Mike Keen, who has turned it into a diversified group with in-terests in cars, food, fashion and leisure in less than three years.

Last week the company unveiled its first publicly-quoted set of results in which turnover doubled to £19.54m and pre-tax profits trebled to £742,000. The share price has almost doubled in the last two weeks.

Mr Keen took control of the company after a career as an accountant, culminating in the finance directorship of Bensons Crisps. After years as a cor-porate employee, he was eager to develop his own business.

Corton Beach suited his pur-poses perfectly. In early 1984, when Mr Keen surfaced, it was a shell company, its name tarnished by past scandals, with 400 shareholders and £100,000 in cash. He bought 29.9 per cent for £35,000 and sought a

Frankfurt am Main, May 1987

on behalf of Petrofina S.A.

DM 250,000,000

Mafina B.V.

T (y)

litsubil

.:1:



Mike Keen, chairman of Corten Beach

U.S.\$ 100,000,000

Mafina B.V.

Bank Brussel Lambert N.V., Bruss

Generale Bank, Brussels

Bauque Paribas Belgique S.A., Brussels

dealerships along the M62 butor purchased in January is motorway; and food, first purchasing a scampi business, then diversifying into prepared meats and freezer centres.

butor purchased in January is in charge of the motor interest.

Leisure was chosen as the third area, beginning with a trio of amusement arcades in the

As an accountant Mr Keen prefers to concentrate on the aspects of business he knows best, imposing financial controls, delegating management to more entrepreneurially minded executives.

in cash. He sought 29.9 per cent for £35,000 and sought a quotation on the over-the-counter market.

His strategy was to build up "a sizeable group with interests in at least three main areas." He began in the industries he knew best: cars, by acquiring a string of motor in minded executives.

When Corton Beach acquires

BWB Group.

"As a small company we cannot afford to be vulnerable to a sudden downturn in any individual business," said Mr ran the prepared meats company now heads the food division; while Mr Paul Dixon, acquiring a string of motor of a motor distri-

unconditionally guaranteed and with Warrants attached of

Petrofina S.A.,

CSFB-Effectenba

mentioned issues the following banks have been appointed as Sub-Warrant Agenta;

In addition to the banks mentioned in, and in accordance with, \$ 4 (2) of the Conditions of Wattants of the

west country. It has since moved into the distribution of annuament machine. amusement machines, with the acquisition of Deith Leisure earlier this year, and intends to expand into machine manufacturing by purchasing the BWB Group.

ate to the USM, and then to the main market as quickly ar possible. Buoyed by forecasts of doubled profits in the pre-sent year Mr Keen is also intent upon pursuing more substantial acquisitions.
"Until now our acquisitions

have, of necessity, been small and strategic," he said.

"We have been restricted to looking at family businesses, often without proper controls or accounts, which can find it difficult to integrate with the continue of a larger group. It

cars falls, we must rely or Audi. One of his golden rules is to concentrate on acquiring buoy-ant businesses with proven profitability. "There is always the risk with a recovery situation that you will not be able to turn the business around," he said. "Even if a proven business fails to grow at least it will provide additional sales and profits."

Corton Beach broke this rule in 1985 when it embarked upon the acquisition of the Tern

the acquisition of the Term Group, a loss-making textile company on the main market. Initially Mr Keen planned to reverse into Tern. He approached the company armed with "the Extel cards. McCarthy report and a fresh set of accounts" assuming that he would be able to steer it to Ankara's Ministry of Trade

recovery.

As is so often the case, Tern was in much more of a mess than was suspected. As Mr Keen

than was suspected. As mr keen put it, the company had two choices: "to walk away or to stay and sort it out."

Mr Keen decided against a reverse takeover and, having reassessed the state of Tern, con-cluded that there was only one division worth saving, that was Propeller, a shirt importer and distributor, and all the other interests were closed or sold. Propeller has gone from strength to strength. It should be floated on the Third Market

later this year.
Corton Beach aims to gradu-

culture of a larger group. It will be much easier to be able to buy bigger."

E. UPTON AND SONS, Middlesbrough-based operator of department stores, said negotiations are at an advanced stage for the acquisition of the ordinary share capital of Southern & City Property retail property developers.

WAYNE KERR (USM-quoted electronics manufacturer) has purchased Alpha Repeater of Southwick for around £250,000.

economies of scale throughout its operations.

Of course, top-class products, technological excellence and an outstanding sales network are not enough in themselves. Success in this industry also calls for policy-makers with vision

Polly Peck untroubled by Turkish TV moves

Polly Peck, international trading group, said yesterday that marketing and sales of television sets made in Turkey by its Vestel subsidiary would not be disrupted by a move to revoke its manufacturing licence.

The Turkish Supreme Board of Radio and TV has moved against Vestel and eight other companies for alleged sub-standard production of radio and TV equip-

tion of radio and TV equip-

and Industry, however, has intervened to keep the companies in business.

The action is part of a
Government move to clarify
standards in the domestic electronics industry.

Consumer Electronics pro-Consumer Electronics pro-fits of £4.1m accounted for nearly 6 per cent of Polly Peck's pre-tax total in 1986. Polly Peck shares re-covered from early weakness to close 2}p high at 285}p.

United Newspapers has 27.9% of Extel

United Newspapers has raised its interest in Extel, the financial and sports information group, to 27.9 per cent.

Samuel Montagu, the merchant bank bought 450,000 shares (a 0.9 per cent stake) in the market for 481p, equal to the cash alternative in the publishing group's £250m takeover bid for Extel.

Extel shares lost 1p to 493p, Extel shares lost 1p to 493p

compared with the 479p value of United's share offer based on the latter's price of 465p, down

ANNUAL MEETINGS

following reports were made at AGMs held yesterday.

John Laing: There were positive and encouraging signs that 1987 would be another good

Company expected to achieve further growth this year despite the possible effect of adverse movements in prevailing sterling/dollar exchange rates. Board was confident of further progress in the US and it was intended to entitled the rolling intended to continue the policy

of selective acquisitions.

MY Holdings: Company made substantial progress last year and with the acquisition of Sharp Interpack now had in-creased opportunities for further profitable growth. In the first four months of 1987 trad-ing had continued at a good level and this was expected to continue for the rest of the

The Weir Group: Company The Weir Group: Company had made a satisfactory start to the year with profits in the first quarter well up to expectations. Sharpe & Fisher: The DIY market continued to grow and Sandfords had benefited as a result of new outlets. Sandford

was expected to have another excellent trading year. The sig-nificant rise in construction activity had continued into 1987 with sales to end April up 20 per cent on last year. Outlook for the whole of 1987 was better than it had been for several years and that side of the busi-ness was expected to have an

excellent trading year.

Waterford Glass: Wedgwood
was trading very well and overall performance was already appreciably better than last year. Group was experiencing weak crystal sales in its Irish, UK and other European markets. Crystal revenues in US likely to exceed those for 1986 but company was concerned at weakness of the dollar. Walter Lawrence: First four

months trading of the current year had been very satisfactory. The board remained extremenly confident that 1987 would be a year of further advance.

Wm Morrison supermarkets: Current trading was producing sales some 8½ per cent in ex-cess of those for the first quarter of last year and allow-ing for inflation continued to reflect reasonable volume reflect reasonable volume growth. Chairman was confident they could improve on this per-formance throughout rest of the

IN BRIEF

SHTRES Investment: Net asset parames investment: Net asset value 248.5p (228.13p) at March 31 1987. Proposed final dividend 5p (5.75p), making 14p (13.25p).

MORAN TEA HOLDINGS: The MORAN TEA HOLDINGS: The directors consider that, despite the current fall in tea prices, the overall group result for the year to June 30 1987 will produce a profit on ordinary activities in excess of last year. An interim dividend of 10p (7.5p) is being paid. The Trans Global Group has traded satisfactorily, particularly within the air freight division.

STAR COMPUTER: Company will not now proceed with the purchase of Orchard Management Services. Parties have, however, substituted a market-ing agreement.

ECU 50,000,000 Rate Daol Currency De Receipts Due 1989 lav 22, 1987

Bass **Public Limited Company**

COMMENTS BY THE CHAIRMAN - SIR DEREK PALMAR

Growth in beer volumes has resulted in a good performance by our drinks and pub retailing business. Beer market share has increased. Lager continues to grow and now accounts for more than half of our beer sales.

Trading in our leisure activities has also been good particularly in Coral Racing and in Crest Hotels, both in the UK and overseas. Our amusement machine business has however not achieved the same level of growth.

Since the end of the half-year our agreed bid for Horizon Travel plc has been declared unconditional. The terms will be satisfied by the issue of not more than 7.6m Bass shares representing 2.3 per cent of the existing Bass ordinary share capital. This acquisition is a further development of our growing leisure activities.

This year Easter falls in the second half-year which has started well. We look forward to continuing growth in our businesses for the rest of the

INTERIM RESULTS to 11th April 1987 -- key figures

(unaudited)

		28 weeks to 11-4.87 £m		28 weeks to 12.4.86 £m		52 weeks to 30.9.86 £m
Turnover Brewing, drinks and pub retailing Leisure		1,133.0 380.3 1,513.3		1,046.8 321.5 1,368.3		1,966.9 742.8 2,709.7
Trading Profit						
Analysed: Brewing, drinks and pub retailing - operations - surplus on disposal of	133.7		12L1		252.8	•
fixed assets	8.4	142.1	8.4	129.5	13.0	265.8
Leisure operations surplus on disposal of	15.4	_	6.4	-	57.4	
fixed assets	0.4	15.8	3.5	9.9	4.4	61.8
		157.9		139.4		327.6
Profit before taxation		147.4		130.1		310.4
Extraordinary item (Note)		13.9				<u>-53.5</u>
Ordinary dividends – per share		4.8p	•	4.2g	•	17.0p
Earnings per ordinary share		29.4	•	25.5p	•	59.5p
37						

Surplus arising from disposal of the United Kingdom holiday centres.

Registered Office: 30 Portland Place, London W1N 3DF

pliance with the requirements of the Council of The Stock Exchange. ate an invitation to the public to subscribe for shares.



Allied-Signal Inc. mited liability in the State of Delaware, United States)

Share Capital

500,000,000 Shares of Common Stock of \$1.00 par value 20,000,000 Shares of Preferred Stock of no par value

Outstanding and fully paid 174,423,584

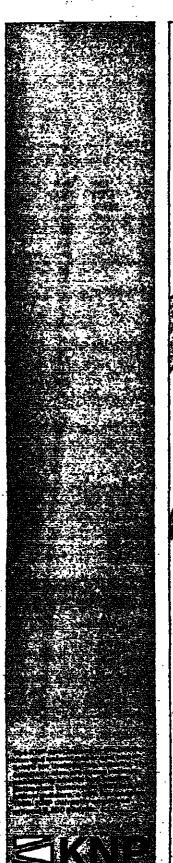
Allied-Signal is an international advanced technology company with headquarters in Morris Township, New Jersey, United States. It has three main businesses: aerospace/electronics;

Application has been made to the Council of The Stock Exchange for admission to the Official List of the shares of Common Stock outstanding and 15,068,355 shares of Common Stock reserved for issue. Listing particulars relating to Allied-Signal are available in the statistical services of Extel Statistical Services Limited. Copies of the listing particulars may be obtained during usual business hours up to and including 27th May, 1987 from the Company Announcements Office of The Stock Exchange, Old Broad Street, London EC2P 2BT and on any weekday (Saturdays and public holidays excepted) up to and including 5th June, 1987 from:

Drapers Gardens

County Securities Limited Drapers Gardens

22nd May, 1987



Lo succeed in the paper and board business, you need an organisation that's cut out for the job. e have ensured that KNP is in the right shape for the 1980s and beyond by concen-trating on our strengths. This has reinforced KNP's international leadership in its key sectors of the paper and board industry. And with that of the paper and board industry. And with that move has come success: earning power has increased greatly, while shareholders' equity and guaranteed capital are now showing substantial growth. employees with a commitment to the business, and an organisational structure with the right atmosphere. KNP has brought these ingredients together to create an organisation cut out for success. KNP enjoyed a highly successful 1986 thanks to its expertise in the production and distribution of its main products: boards, packaging products and high-grade graphic paper. Expanding sales and profits are the deserved result of the recent years' efforts to create If you'd like to know more about the KNP success story, clip the coupon and send it to KNP N.Y., P.O. Box 1022, 6201 MH Meastricht, The Netherlands. Please send me KNP's financial report and company profile. Position Address. Send this coupon to Koninkrike Nederlandse Pepierlabrieken N.V., P.O. Box 1022, 6201 MH Meastricht, The Netherlands.

Underwoods shows 22% advance

Underwoods, the multiple retail chemist which terminated four in central London. All merger talks with Woolworth in March this year, yesterday pectations. Ten stores were announced a 22 per cent increase from £2.54m to £3.11m in pre-tax profits for the year to pre-tax profits for the year to march 31 1987. This was in line ent year, adding \$5,000 sq ft with market forecasts—around of net selling space. Two new with market forecasts—around 23.2m—following the confident October interim statement.

Mr Hary Woolf, the chairman, said the current year had started with promise. Trading in the provincial stores, now in their second year, was particularly encouraging and there

larly encouraging and there was room for growth.

The company intended to maintain its expansion into towns in the southern half of England, as well' as central London and the suburbs.

The majority of new stores did not begin arading until late in the year and, as a result, sales were not quite up to expectations, Mr Woolf said. The drop in tourism in the first

drop in tourism in the first seven months of the year also had some adverse effect.
Of the 11 new stores opened,

refurbished during the year.

The company expected to open 10 new stores in the current year, adding 35,000 sq ft of net selling space. Two new stores were already opened and two more had been secured. The board was also actively seaking other opportunities to seeking other opportunities to

expand the group.

Turnover last year rose from £37.57m to £47.18m and gross profit was up from £13.28m to £16.75m. Distribution costs increased by £2.5m to £10.58m, and administration costs were up from £2.61m to £3.25m.

Other operating income amounted to £127,000 (£207,000) leaving trading profits of £3.07m (£2.82m). Net interest and other income receivable and other income receivable was £40,000 (£274,000 charge). With the proportional tax charge down from 33 per cent to 27 per cent at £840,000 (£835,000) earnings per share are up from 6.8p to 8.3p. The dividend is raised from

NMC Investments makes £2.86m acquisition

1.65p to 2.5p with final of 1.5p. Also reported yesterday was the resignation of Mr Richard Bett, deputy managing director and trading director, who was second in command of Underwoods' operations.

According to Mr Brian Kerner, group managing direc-tor, "Mr Bett, like all of the board, became very excited at the prospect of loining up with Woolworth but whe these negotiations failed to produce this result he was unable to motivate himself further and we have therefore agreed to part on amicable terms." Mr Bett, who spent six years with Underwoods, has been replaced by Mr Dennis Casey, formerly sales director.

comment

Post-Merger-Tension appears to have afflicted more than Mr Bett. The City was disappointed with these figures, especially the one-sixth fall in trading margins and the shares fell 11p to 198p. Distribution costs, from which

property gains of £252,000 (£200,000 last year) ought to be stripped out, rose to almost 22 per cent of turnover badly denting the gross profit improvement. Rates and rent rises are apparently to blame as is the number and timing of new opening. The large number of openings. The large number of rent reviews due over the next two years suggests that this account could continue to be a problem area. The good news was that the out of town stores (sale per sq ft of £238 against £377 for the company overall) are showing 20 per cent sales rises this year so far. If Underwoods can convince that its formula can be successfully exformula can be successfully exported out of Central London
then the longer term begins to
look less constricted by the
shortage and cost of sites and
the real danger of cheek by
jowl oversaturation (called
"shooting yourself in the foot" in the trade). On forecasts shaved to £3.8m, Underwoods now trades on a prospective p/e of 22, which seems overblown unless there really is someone

out there willing to make a bid.

Marians doubles profit Priest Marians Holdings, the

Priest

property investment and devel-opment group which is cur-rently engaged in bid talks for GRA, yesterday announced an increase from £585,000 to £1.19m in pre-tax profits for the year to February 28 1987. The figures include the results of Lincroft Kilgour as an asso-ciate from August 1 1986 to November 30 1986 and as a subsidiary since December 1

1986. Mr Simon Fussel, the chairman, said he had every reason to view the current financial period with considerable optimism.

Turnover last year was £2.91m and gross profit was fim. Other operating income amounted to £1.68m (£693,000) while administration and dis tribution expenses were £1.02m (£116,000). Net interest payble and similar charges took tax took £505,000 receivable); tax took £505,000 (£155,000) and minorities £26,000 (nil). There were extraordinary charges of £29,000 (nil) after

Earnings per share emerged at 9.2p (13.5p) for the forecast 1.5p dividend (1.4p adjusted).

NMC Investments, the specialist packaging group in which the Saatchi brothers have a substantial holding, is buying A. J. Bingley, a privately-owned flexible packaging company, for E2.86m.

The acquisition will be satisfied by the issue of 1.47m new shares, representing 3.85 per capital. Bingley issued issued shares capital. Bingley share shared issued shares acquire a company with a ing for the high-volume point-reputation for inventiveness in the field of flexible packaging. They saw opportunities for cost trade and several new packing provided in the field of flexible packaging. They saw opportunities for cost trade and several new packing provided in the field of flexible packaging. They saw opportunities for cost trade and several new packing provided and several new packing p VAUX GROUP: In response to the recent rights issue 7,101,505 new ordinary shares (approximately 90.1 per cent) were taken up, the balance being sold | and minorities from £2,000 to

Nu-Swift doubles after UK growth

tions and progress at its new French acquisition.

Turnover almost quadrupled from £33.35m to £129.37m, and earnings per share nearly trehled from 7.48p to 21.86p. Nu-Swift more than doubled its interim profits to £6.05m largely because of the merger in January 1986 between its French subsidiary Generale Incendie Protection et Securite, and Compagnie Centrale Sici.

Directors said the company's UK trading operations had in-creased its pre-tax figure by 24 per cent for the year. In France, cost savings policies had been implemented to return Sicli—which had been barely breaking even for several years —to a more acceptable level of profitability.

The company had also benefited from relaxation of French price controls. Reorganisation within Societé Industrielle pour le Development de la Securité, a 62.2 per cent subsidiary of Sicli, was now complete, and after a difficult first half it was trading profitably.

Trading results for the first

months of 1987 showed progress was being maintained, and prospects for the year were en-couraging, said the board.

Nu-Swift Industries, the fire £1.2km. There was an extraprotection group, has more ordinary debit of £1.7km, comthan doubled its 1988 pre-tax profits to £14.6km after a good A recommended final diviperformance from its UK operations and recommended final dividend of 5.25p (2.25p) makes 70

comment

Nu-Swit's profits growth, though spectacular, came as little surprise in the wake of the strong interim results. Much of it reflects further progress in increasing the efficiency of the UK operations, and the rest from the application of faimliar methods in France. The sheer size of the French operations suggests that the scope for further efficiency gains there is far from exhausted, particularly as fire extinguisher production is concentrated at Sicil. Some £21m to £22m could be in sight for the current year, but rising for the current year, but rising tax charges and minorities will make the advance less spectacu-lar at the bottom line. Earnings of 24p to 25p would produce a prospective price/earnings multiple of 14 at yesterday's 340p, a rating which seems suitably to reflect a compromise between an exciting management and a stodge market. stodgy market.

RADIO CITY (Sound of Mersey-side) has disposed of the memorabilia owned by Beatle City for a sum of approximately 5200,000. Expected that Seel Street property, in which the memorabilia was housed, will be sold shortly.

Triefus up to £1.35m as margins increase

Triefus, which is engaged in the marketing, processing and valuation of diamonds, in engineering, and contract drilling, yesterday reported a rise of more than 70 per cent in pretax profits for 1986 and announced a proposed one-for-25 serip issue. Triefus, which is engaged in

25 serip issue. Profits moved up from £793,000 to £1.35m on turnover ahead from £22.51m at £25.2m. The proposed dividend for the year is lifted from 0.05p to 1p. The directors said the in-

reased profits stemmed more from increased profitability in some operations than from a major increase in volume and some reduction in expenses. The company's efforts to rationalise and reorganise the group have largely been completed . They reported that in England the balance has continued to shift from trading to manufac-

ture. The company was explor-ing the feasibility of increasing the capacity of the manufacturing operation in order to strengthen its presence and as part of the base for its efforts to increase its share of the European market generally. Tax accounted for £478,000 (£454,000) and minorities (£54,000) and minorities £280,000 (£156,000). Extra-ordinary credits of £136,000 (£18,000) comprised the profits on the sale of a subsidiary com-pany. Earnings per share rose from 1.8p to 6.25p.

Former MSCC chairman buys stake in Barlows

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

MR NKHOLAS BERRY, ousted the end of last year, had net Ship Canal after the unsuccess-ful defence against the Highams takeover hid, has found a new outlet in a company which will concentrate on north west England property

Joined by Dr Isidor Klausner, Weston, who handled Man-chester Ship Canal affairs at Dunlop Haywood, the chartered surveyors, he is moving into Barlows, the former textile packing company which has been developing its property

Samuel Montagn, the merchant bankers, yesterday an-nounced that with the agreement of Barlows' existing directors, the company's finances and equity are being restruc-

as chairman of Manchester assets just short of £1m.
Shin Canal after the unsuccessBut Mr Berry said yesterday that he was not cutting his links with Manchester Ship Canal.

Through Harraps, the publishing house, which is 60 per cent owned by Stancroft, Mr Berry leads a group of seven independent shareholders collectively retaining 25 per cent of the Manchester Ship Canal equity. equity.

The restructuring at Barlows

involves a subscription of 500,000 new shares at 500p a share. Stancroft, Mr Berry and associates will take 228,000, while Samuel Montagn has white Samuel montage montage placed the remainder, of which 65,000 have gone to London and Edinburgh Trust.

There is also a one-for-two

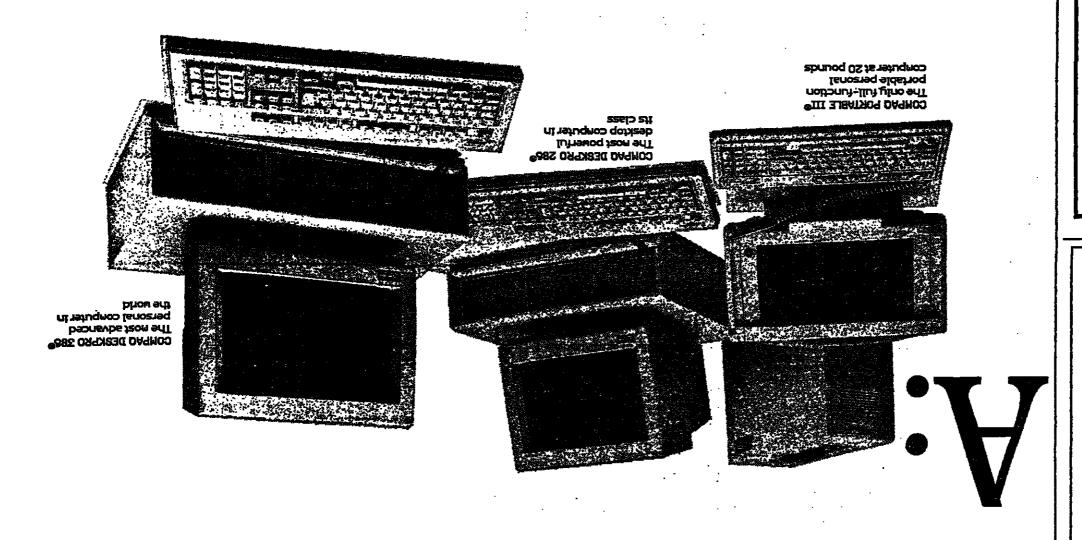
rights issue for existing share-holders, again at 500p a share. The effect will be to give Barlows a capital infusion of

and equity are being restriction of three differences of the effect will be to give the effect will be

2. How is Compaq out performing the computer industry 2 to 1 this year?

Compag sales are up 47%. Industry sales increased 19%. (And what's more, our profits for the same period increased 142%.) The demand for Compaq Computers is at an all time high.

(Source: Media General; last reporting period.)



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WE'LL NEVER CEASE TO AMAZE YOU.

THE BEAUFORD GROUP PLC. RESULTS IN BRIEF

Year ended Sist December

um Mr. Geoffrey Crawford ● Profits before tax at record level showing an

● Dividends for the year increased by 33%

The Beauford Group PLC. Beauford House

Serpentine Road, Cleckheaton, West Yorkshire BD19 3HY.

Strong order book gives the Board confidence

Copies of the Report and Accounts are armitable fram:

Profit before Tax

incresse of 28% Earnings per share up 31%

TRADING PROFIT EXCEEDS **£3 MILLION FOR FIRST TIME**

15%

SUMMARY OF RESULTS YEAR ENDED 28/2/67

 Excellent growth from two main divisions . . . * Acquisitions made since year end and further under

* Sale of two loss-making companies achieved including thdrawal from ferrous forging industry... Confidence in future . . .

21.6p

rers of investment castings and non-size, installations and electrical surface he THE DERITORD STAMPING PLC

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Financial Times Friday May 22 1987

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BASF 1986

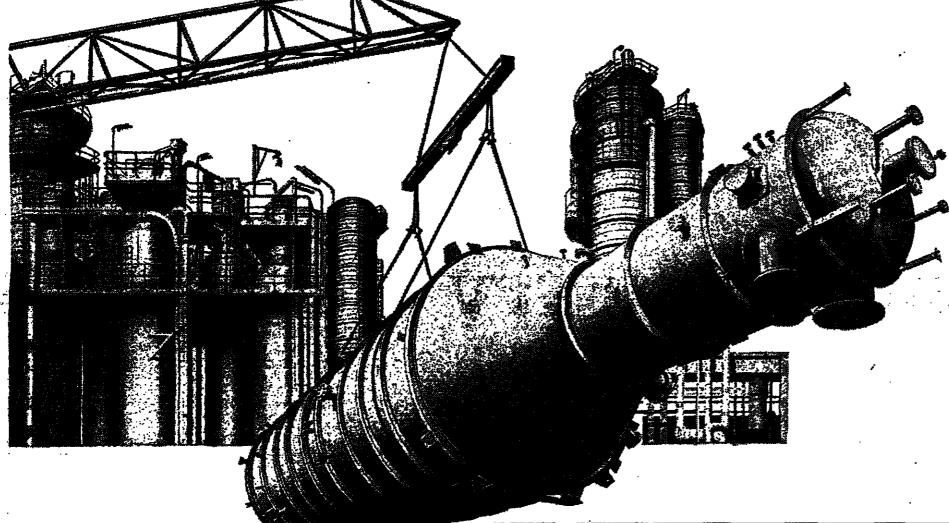
Another successful year

BASF, a major international chemical company renowned for its trail-blazing scientific and technological achievements, is proud to announce its Financial Results.

For BASF Group, 1986 proved successful as another year of strong financial reinforcement; new venture integration; increased sales volume; and continued, far sighted commitment to research, development and capital expenditure programmes.

The decline in Net Sales was due wholly to extraordinary international factors, and the drop in profits was almost exactly equal to the down-valuing of our oil and gas inventories.

		DM Million 1986	DM Million 1985	% Chang
BASF Group	Net Sales	40,471	44,377	- 8.8
	After-Tax Profit	910	998	- 8.
·	Capital Expenditure	2,657	2,456*	+ 8.
	Employees	131,468	130,173	+ 1.
BASFAG	Net Sales	18,717	20,461	- 8.
	After-Tax Profit	710	646	+ 9.
	Capital Expenditure	1,142	884	+29.
	Dividend	535	496	+ 7.



Intensified research and development

The Research Expenditure budget of over DM 1.7 Billion, considerably up on 1985, reflects the Group's belief that the long-term view is paramount.

Its general thrust can be gauged from the fact that net sales of higher value-added products account for nearly 60% of total turnover.

Highlights were the development of methacrylic acid and methyl methacrylate monomers; the inclusion of polyether ketones in our range of high performance engineering plastics; the new optically active phytohormone herbicides (Duplosan grades) which contribute further to environmentally compatible crop protection; and developments in advanced composite materials, such as the carbon fibres used in the Beechcraft Starship 1.

Increased capital expenditure

Our Capital Expenditure programme amounted to a very significant DM 2.7 Billion.

Among its most notable achievements was the doubling of acrylic production capacity, via the opening of a second plant in Freeport USA.

Yet further capacity will come on stream in 1988 when the new Ludwigshafen plant is opened.

Commitment to growth

Above all, underlying BASF Group's 1986 Results is a single minded commitment to growth.

The Group's philosophy is based on the long term view; the conservative valuation of assets; and the need for a continuing high rate of return from all operations.

Its overall viewpoint is strongly international – 60% of Group Sales now come from outside Germany.

BASE IN THE UK: BASE UNITED KINGDOM LTD, BASE CHEMICALS LTD, BASE COATINGS + INKS LTD, CHEADLE COLOUR & CHEMICALS LTD, COMPAREX INFORMATION SYSTEMS LTD (A BASE & SIEMENS COMPANY), ELASTOGRAN UK LTD, FRITZSCHE DODGE & OLCOTT (U.K.) LTD, KNOLL LTD, WINTERSHALL (U.K.) LTD.



Beechcraft Starship 1.

BASF



ELECTRA INVESTMENT TRUST PLC

congratulates

AJ'S FAMILY RESTAURANTS LIMITED

managed by

Allen Jones and Jane Pickard

on launching its nationwide roadside catering operation

Funding for this venture was arranged by Electra Investment Trust PLC

and provided by

Electra Investment Trust PLC Globe Investment Trust PLC

CIN Industrial Investments Limited

May 1987

This advertisement is issued in compliance with the requirements of the Council of the Stock Exchange.

Dencora pic

(Incorporated in England under the Companies Acts 1948 to 1976—No. 1519031)

Introduction of the whole of the issued share capital to the Official List Proposed rights issue of 8,442,120 6.25 per cent. Cumulative Convertible Redeemable Preference shares of £1 each at par

Dencora plc is the holding company of a group which initially concentrated on investment in industrial and warehouse property. This has been extended to include office and retail property. The group now places increased emphasis on commercial property trading and expanding its house-building division where special importance is placed on sheltered housing. Group activities are concentrated in the rapidly expanding East Anglian area.

Application has been made to the Council of The Stock Exchange for admission of the whole of the existing Ordinary share capital and the 6.25 per cent. Cumulative Convertible Redeemable Preference shares now proposed to be issued to the Official List. Until 29th May, 1987 the whole of the issued share capital of the Company was and will be dealt in on the Unlisted Securities Market. It is expected that dealings in the Ordinary shares will commence on the Official List on 1st June, 1987 and that dealings in the Convertible Preference shares will commence on 17th June, 1987.

Particulars relating to the Company have been circulated in Extel Statistical Services. Copies of the Listing Particulars, together with copies of the latest audited consolidated accounts for the year ended 31st December, 1986, may be obtained during usual business hours on any weekday (Saturdays and public holidays excepted) up to and including 5th June, 1987 from:

Phillips & Drew Limited, 120 Moorgate, London EC2M 6XP

Dencora plc, Dencora House,

and up to and including 27th May, 1987 from Company Announcements Office, Quotations Department, The Stock Exchange, London EC2P 2BT, for collection only. 22nd May, 1987.

Blyburgate, Beccles, Suffolk NR34 9TQ

Wordplex cuts loss and makes £9.3m cash call

BY ALICE RAWSTHORN

Wordplex, the troubled office build on its existing customer write-offs utomation group, yesterday hase by introducing its own new closure connounced reduced pre-tax products and integrated systems extraordicusses from 53.19m to £2.13m with other manufacturers, and (£974,000) and 1986 and unveiled proposals by augmenting its consultancy. automation group, yesterday announced reduced pre-tax losses from £3.19m to £2.13m in 1986 and unveiled proposals for a refuancing package and

for a refinancing package and a new business strategy.

The company intends to raise £3.6m through a placing of shares, arranged by Close Investment Management, and £5.7m in an 11-for-10 rights issue at 50p a share. It has also secured revised banking facilities to include a 54m medium. secured revised oanking factories to include a 54m medium-term loan facility. The com-pany's share price fell by 11p to 120p on the announcement

yesterday.

The proceeds will strengthen the balance sheet which has been weakened after two years of losses and stringent cuts. The package has been organised by Octagon Industries, manage-ment services concern specialising in the information techno-logy field, which was drafted in earlier this year. Octagon also developed the new business

shares, compared with the 339,200 which had been set

aside for them.
Those seeking 100-3,900 will

receive a full allocation; those

and support services.
Mr Geoff Bristow, managing director of Octagon, will become deputy chairman, taking over as chairman when Mr John Hey-wood resigns in September. Mr Jeremy Thomas, formerly man-aging director of a subsidiary of Racal, will become chief execu-

tive. Wordplex went public in 1984 when the electronics sector was at its most fashionable. The company's share price began to fall almost immediately after flotation. The fall accelerated when it ran into problems and

lapsed into losses. After a series of cuts Wordplex broke even at a trading level in the second half of 1986. logy field, which was drafted in carlier this year. Octagon also developed the new business plan.

Through this Wordplex will (£1.36m), and the cost of stock

Computer People shares

to have weighted ballot Hill Samuel, the merchant 35,000 shares and above will bank sponsoring the flotation receive 1,000 shares.
of Computer People, the com-Letters of allotment will be posted next Wednesday and puter staff agency, yesterday confirmed that the company's dealings will begin on Thursday.

A strong premium is expected
in the wake of the Rolls-Royce
and Sock Shop flotations earlier offer for sale had been subcribed 21 times. More than 25,000 applications were received for a total of 35m

shares, compared with the 1.7m on offer. It has, therefore, been **Deritend lifts to** necessary to ration the shares among the applicants.

Some 219 of Computer
People's consultants and staff £2.21m after all-round rise made preferential applications on pink forms for 511,500

Deritend Stamping, the Worcestershire-based forgings, castings, electrical installations and repair group produced pretax profits up by 4 per cent at \$2.21m for the year to February 28 effect growth in its receive a full allocation; those seeking 3,500-7,000 will receive \$,000, and those seeking 3,000 or over will receive 40 per cent. Public applicants will be more heavily rationed. A weighted belief will be held ruary 28 after growth in its casting and electrical divisions.

Mr David Mead, chairman, said the group had achieved another record year with trading profit exceeding 13m for the first time. The directors viewed the current year with

which will probably result in an average of four out of five applicants being rejected. Successful applicants for 100-400 shares will receive 100; for 500-900, 500; and for 1,000-30,000, 1,000. All applicants for Total turnover was £38.8m, compared with £42.37m last time. After adjusting for the effect of the disposal of South Wales Forgemasters and Hayes Shell-Cast, sales of continuing group operations increased by 6 per cent to £35.9m and trading profit by 15 per cent to £3.2m.

Net earnings rose from 27.4 to 28p. A recommended final dividend of 6.3p (5.6p) per share makes 9p for the year. compared with 8p in 1986. tinued product range resulted in an exceptional item of £350,000 (nil). Net interest pay-ments fell from £649,000 to £536,000.

After tax of £734,000 (£678,000), the profit figure stood at £1.47m (£1.44m). This was almost wiped out by the extraordinary loss of £1.46m (£96,000 credit) on the sale of the subsidiary companies. After the dividend charge of £475,000 (\$422,000), the retained deflicit for the year was \$459,000 (pro-fit £1.12m).

HIGH GOSPORTH PARK (race-course proprietor and estate owner): Dividend for 1886, 15p, plus special bonus of 5p (same). Turnover £662,858 (£636,906) and pre-tax profit £84,022 (£82,449), which included profit on sale of fixed assets of £41,382. Tax took £12,930 (£16,569). Stated earnings per share up from 72p to 78p.

write-offs and unexpected closure costs was taken as an extraordinary debit of £2.55m (£274 000) (£974,000).

The loss per share came out at 22p (33.6p).

To any observer of the electronics sector in the 1980s the story of Wordplex is all too familiar. The company sailed onto a receptive stock market, buoyed by a booming market, only to stumble into problems when the electronics slump began to bite. A high cost base, delusions of global grandeur and an inexperienced management team hardly helped. ment team hardly helped. Shareholders should consider themselves lucky that the com-pany has come through it all with its trading base intact. The client list is still strong, costs have been cropped to a more realistic level and the strategy of moving away from the mass market into clearly defined niches seems to make sense. niches seems to make sense. The company may break even before tax this year, but investors will have to wait until 1988 for profits to filter through. But having hung on for so long . . why not wait a little longer?

Unigate to sell its engineering interests

UNIGATE yesterday announced Unigate expected to realise suba decision to sell off its five stantially more than the £20m engineering subsidiaries as part of net assets in the companies of an effort so concentrate on it had received recent uncore business areas of tranof an effort to concentrate on core business areas of tran-sportation and the manufacture

sportation and the manufacture and distribution of food.

The companies, from the Giltspur and Wincanton divisions of the group, account for some 5 per cent of the total operation. Together they produce sales of about £60m annually.

Mr John Clement, Unigate chairman, said the engineering

Mr John Clement, Unigate chairman, said the engineering companies would perform better within a group in which there was a more logical fit.

All five companies are profitable, and Unigate expects they will be sold individually rather than as a group.

Mr Daniel Hodson, the finance director, said yesterday that

solicited approaches about the companies.
Unlegate has broadly diversified over the years away from its traditional business of processing and selling milk. The strategy has paid off in rapid earnings growth, with profits up by 37 per cent to £47.1m in the six months to last September. Mr Hodson, however, said that Unigate had reached a fundamental decision to "cona fundamental decision to "con-centrate on key markets that

we know."
The companies to be sold are: The companies to be sond and Giltspur Engineering Design. Giltspur Precision Industries; Giltspur Technologies; Winchnton Electrical Services, and Wincanton Engineering.

ROADD MEETINGS

DOWED I	all ings
TODAY Interines: Fulcrum investment Trust, trasfer Holdings. Kelsey Industries, inchern Industrial improvement ust, Sedgwick. Firmis: Channel Trunel Investments, slien's, A. Goldberg, London sociated Investment Trust, Value d Income Trust, Whittington gineering: FUTURE DATES May 26 glin Secured Homes June 4	Finals: Allied Colloids Chapman Industries Chesterfield Properties Edbro FKI Electricals Lep Group PCT Renold

US \$ 100,000,000.--

Credit Suisse Finance (Panama) S.A.

11¾% Guaranteed Notes, Series A, due 1992

100,000 Warrants to subscribe

US \$ 100,000,000.- 1134% Guaranteed Notes, Series B, due 1992

NOTICE IS HEREBY GIVEN, pursuant to the Terms and Conditions of the captioned issues. that US \$ 1,000,000 principal amount of Series A Notes have been drawn for redemption at 101% of their principal amount.

The serial numbers of the 1,000 Series A Notes of US \$ 1,000 each, drawn for redemption and representing US \$ 1,000,000 principal amount, are as follows:

representing US \$ 1,000,000 principal amount, are as follows:

229 3463 10633 10809 63891 63944 64313 65154 66104 66556 67734 67016 68014 68556 67137 72662 77516 62026 62047 74516 77717 6441 11641 70147 63056 63971 64313 45159 66107 66101 67701 68011 68540 67137 72662 77515 62173 62171 64704 7772 6772 6771 11642 78104 63316 63316 63316 64013 64101 64101 64014 67704 67812 68012 6302 67137 72662 77515 62173 68717 64704 67702 67705 6770 68701 67707 64104 63316 63101 64101 64014 67704 67702 68012 68012 67705 67717 68701 67707 64104 63316 63101 64101 64014 64704 67703 67703 68014 67707 67707 64104 63703 64701 67707 64104 64704 67703 67707 64104 67707 67707 64104

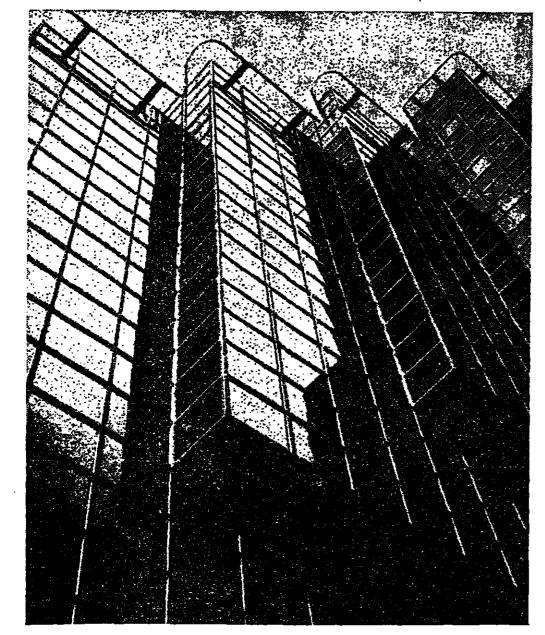
The Notes drawn for redemption will become due and payable on June 22, 1987 together with accrued interest for the period from February 13, 1987 to June 22, 1987. On and after June 22, 1987 the Series A Notes so redeemed shall cease to bear interest.

As of this date, the outstanding principal amounts are: Series A Notes: US \$ 4,000,000.-

Series B Notes: US \$ 96,000,000.-

Zurich, May 14, 1987

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Aktiebolaget SCA	Please circle below for your free copies:
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	FLÄKT IQCESUND MeDe
SCA Group is one of the largest wood and fibre processing	NOSEL BIDUSTRIES
interprises in Sweden and throughout Western Europe. In 1986	PERSTORP PROCORDIA SCA
	SKF SAHDVIK SKANSKA
s net sales rose by 21 per cent to SEK 15,217 (12,611) million.	SWEDISH MATCH SAS
he Group's consolidated earnings before extraordinary items,	Premoties, Sex 10920, S-10055 Stockholm, Sweden
oppropriations and taxes increased by 6 per cent to SEK 1,399	Attach your business card or
1,025) mmm.	Name
The improved in court of the contract of the court of the	
he increase in earnings is primarily the result of sharp	Title
mprovements at the subsidiaries Mölnlycke (bygiene products)	
nd SCA Packaging (packaging materials). A dividend of SEK 5	Address
s proposed, representing an increase of SEK 0.60 or 14 per cent.	
or 1987 an improvement of some significance is expected in the	City + Area code
Group's consolidated earnings before extraordinary items.	
	This etter when a rice
	This effer expires Oct 31, 1987

C E Heath's profits tumble by £20m

gation.

However, the board proposes an increased final dividend of 17.885p (17.395p), making a total of 24.985p (24.395p) for the year. Mr Richard Fielding, chair-

man, said that the year was one of the most difficult in the history of the group and the results were extremely disappointing. However, he believed that the results were the bottom and that the converse conditions and two important effects: a substantial loss of brokerage, particularly from North America; and on the morale of management and staff, particularly in the UK.

Analysis of profits and turnthe results were the bottom and that the company could expect a steady, albeit not immediate, return to the levels of profitability seen in the recent past. He said that he firmly be-He said that he firmly be-lieved that there was an im-portant role for the indepen-dent London-based broker, and vices, £1.67m (£228,000) on that Heath would be well posi-

11 N.A.

C. E. Heath, international insurance broker, saw pre-tax profits fall back from a restated figure of £34.67m to £14.47m in the year to March 31 1987. Turnover moved up from £69.98m to £88.41m.

Profits were struck after exceptional items of £11.24m (£2.21m) which comprised provisions for had debts and little gation.

Tioned to fulfil this role in the years ahead, was impaired by the loss of its Workers' Compensation business in Australia and by continuing problems with bad debts and little gation provisions, particularly within the UK broking operations. A US lawsuit against Heath's Bermuddian reinsurance company. Pinnacle, started to company, Pinnacle, started to receive considerable publicity. The departure last autumn of several aenior executives from the Heath LMX and North American broking companies—had two important effects: a

> over on ordinary activities be-fore tax and exceptional items shows: insurance broking, £12.7m (£19.01m) on £48.86m (£45.24m); underwriting, £11.69m (£15.66m) on £23.73m

A FINANCIAL TIMES SURVEY

NORTH KENT

MONDAY JUNE 29 1987

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May 20, 1987

Offering Price:

interest:

Repayment Listing:

Washington, D.C.

DM 200,000,000

6% Bonds of 1987, due 1997

May 20, 1997 at par

6% p. a., payable annually on May 20

RETAIL -

Topics proposed for discussion include:



Richard Fielding, chairman of C. E. Heath

amounted to £980,000 (£2.63m) and interest paid amounted to £1.23m (£655,000).

Mr Fielding said that operat-ing profits were adversely affec-ted by £3.1m as a result of the

strengthening of sterling. In-cluded within this year's figures was a contribution from Fielding Insurance Holdings for the 15 months ended March 31 of £7.26m. Group operations experienced

Group operations experienced a £4m shortfall in brokerage income against that forecast at the time of merger between but Heath was starting to obtain Heath and Fielding Insurance Holdings in October last year. About half of this shortfall was renewal business lost that had been expected to be retained, and the remainder was a failure to achieve new business to achieve new business

targets.
Mr Fielding said that Heath's mr Fleiting said that Heath's priority was to stem the loss of personnel and, therefore, brokerage income. There were signs that this has been achieved. One or two major accounts had moved elsewhere significant new accounts and the signs were that this would continue through the year.

The process of merging Heath and Fielding was well advanced. Underwriting activities would receive useful profit contribu-

Pinnacle had shown another significant increase but its performance for the current year would remain difficult to predict with any confidence because the existence of the current litiga-tion had inhibited new business growth,

Mr Fielding said that based on current facts and the views of its lawyers, the exceptional item represented a realistic appraisal of the ultimate cost of the group's complex and lengthy litigation matters.

Tax charges accounted for £5.3im (£12.3im) and minority interests for £271,000 (£181,000). Extraordinary items of £4.15m (£419,000) consisted of non-recurring costs associated with the merger with Fielding Insurance Holdings and the defence against the takeover bid by PWS Holdings per Carbier. Earnings per last October. Earnings per share worked through down

Bromsgrove Industries

Bromsgrove Industries, which manufactures and machines metal castings for a variety of industries, has produced preindustries, has produced pre-tax profits on ongoing activities of £720,000 for the year ended March 31 1987. This compares with £502,000 for the preceding year and the forecast of £700,000 made in March when the acquisition of Blanson Pre-elsian Crysting Tools was an cision Cutting Tools was an-

Coupled with the results, the company announced the acquisition of Hill Brs (Birmingham) for £730,000, which will be satis-

fied by the issue of 548,873 new Bromsgrove ordinary. Hill, which specialises in the manufacture and processing of components and metal trim for the domestic appliance market, is supplied with some of its raw materials by Vetchberry, which Bromsgrove acquired in October 1986.

Turnover last year rose 32 per cent from £9.28m to £12.25m, and trading profits from £502,000 to £720,000. The dividend is raised from

HATT to gain SE listing in June valued at £32m

BY CHARLES BATCHELOR

Hambros Advanced Technology Trust will join the grow-ing number of venture capital funds to opt for investment trust status when it comes to the stock market early next month by way of a share HATT, in which the Hambros

banking group has a large minority stake, had net assets of £38.59m at March 31 and is expected to be valued at about £31m to £33m by the placing. Like a number of other privately owned UK investment trusts HATT faces a sizeable capital gains tax bill if it disposes of any of its investments at a profit. By becoming a publicly quoted investment trust it will reduce its tax bill. HATT is currently invested in 26 high technology com-panies in fields such as tele-

communications, computers and electronics, but its portfolio is dominated by three large holdings. They are a 1.6 per cent stake in Racal Electronics bought for £709,000 and currently worth £21.28m; a 7.2 per cent stake in Talamatics. The dividend is raised from 1.3p to 1.65p with a proposed final of 1.15p (0.9p) from earnings of 6.55p (5.86p) on ongoing activities, or 5.39p (6.57p) going activities, or 5.39p (6.57p) systems group, bought for £362,000 and now worth

All of these bonds having been placed, this announcement appears for purposes of record only.

£10.26m and a 12.5 per cent stake in Alphameric, a maker of computer terminals, bought for £76,000 and now worth

HATT was managed directly by Hambros until April 1986 but was then transferred to Top Technology, a company 75 per cent owned by Hambros with the remaining shares owned by a company owned by Mr Harry Fitzgibbons, Top Technology's managing director.
HATT usually limits its initial investment in companies to £500,000 though the first

tranche of investment may be for less than this amount. Net assets have risen from £3.45m at March 31 1983 to £38.59m at March 31, 1987. It disposed of shares in its invest-ments worth £3.3m in the four a profit of £2,2m before tax. Total realised losses and write-

of company's Scandinavian subsidiares has agreed to purchase the laser printing assets and goodwill of Data Sats Information A/S, based in Copenhagen, for approximately £135,600.

Bass pays £55m for four Holiday **Inn** hotels

Bass, the UR's largest beer brewer, has bought four Holiday Inn hotels in England from the Holiday Corporation of Memphis, the US company which manages the chain, for a cash equivalent of £55m. The move is part of Bass' continued expansion into the hotel industry.

Negotiations are underway for the purchase of four additional hotels in Belgium, France, and the Netherlands for an expected price of about

for an expected price of about £33m cash. The hotels are to be

The hotels are to be operated by Crest Hotels, the Bass subsidiary, as Holiday Inn hotels under franchise agreements. Crest Hotels, which operates hotels throughout Europe, may convert additional hotels to become part of the Holiday Inn chain.

Although the leisure activities of Bass are minor com-Annuagh the leistic activi-ties of Bass are minor com-pared to its brewing, drinks and pub retailing business, they have contributed sub-stantially to Bass's growth in profits. In the half-year end-ing on April 11, 1987, profits

grew by 13 per cent to £133.7m. The contribution from leisure increased from £6.4m to £15.4m, with Crest Hotels putting in a strong The hotels in Britain are at

London Airport, Mayfair, Birmingham and Leicester. The hotels under negotiations in Europe are in Paris, Ghent and Brussels Airport, and Eindhoven in the Nether-

Ward White pays chairman £317,000

MR PHILIP BIRCH, chairman and chief executive of man and chief executive of Ward White, the acquisitive retail group, saw his remuneration increase from £225,000 to £317,000 in 1986/87, according to the company's annual report. The majority of the remuneration was linked to group performance.

The report also reveals that the company wrote off £188.7m of goodwill last year —£78.4m in respect of Pay-less, the DIY group bought from Marley in March 1986 for £94m, and £110.3m for LCP, which it won after a contested bid battle for £173m in December.

benefiting from the demand for sealing machinery for non-permeable plastic containers such as the new Heinz squeezy

The prospectus will show pre-tax profits of £1.7m for the year to last July on turnover

of £21.8m, and for the current year BWI is forecasting profits

year BWI is forecasting profits of £3.5m on turnover of £2.5m. Its shares will therefore be offered on a prospective price/earnings ratio of 9.3 on an actual tax charge and 12.7 on a notional 35 per cent.

An offer for sale has been been been been been above the

chosen because the amount of money being raised, £21.4m, is above the £15m limit

W. H. Smith pays £7m for control of troubled TSI

leisure group, has agreed to acquire a controlling holding in Television Services International, the troubled film and video production group, for

TSI also revealed a pre-tax loss of £3.11m for 1985. Mr John Jackson, who took over as chairman with the introduction of a new management team in January, said that after an in-vestigation of the group's accounts significant adjustments had been made to previous accounts. Reported pre-tax profits for 1985 were reduced by £2.26m, producing a loss of

£1.46m. When TSI went public on the USM in 1983 it was welcomed as a potential successor to Carlon Communications, the successful production group. The company expanded rapidly but its profits record was erra-

Earlier this year its problems came to a head when Mr Andrew Lee, the chairman and chief executive, resigned together with two other directors.
TSI has now concluded

W. H. Smith, retailing and activities and TSI has since decided to withdraw from en-tertainments, which made losses of £1.2m (£1.63m) on turnover of £2.53m (£2.93m) last year. The group will concentrate on

video post production. The continuing interests made losses of £1.9m (profits of £168,000) on turnover of £8.43m (£6.32m) in 1986, but are now trading profitably.

The cost of reorganisation

and rationalisation of these in-terests, £600,000, was taken as an exceptional item. Overall TSI made a loss per share of 28.5p (18.8p). The share price fell by 8p to 68p

yesterday.
Arthur Young, TSI's auditors qualified its report by stating that the group's ability to con-tinue trading may be dependent on the conclusion of its re-financing arrangement. Under the terms of this arrangement W. H. Smith will acquire a 51 per cent holding.

Mr Simon Hornby, Smith's chairman, said that TSI would fit neatly within the group's television division by providing production facilities for its cable and satellite television agreements with some former cable and satellite television money owing to the company.

The new management team, headed by Mr Jackson, conducted a review of the group's tor, wil join the TSI board.

Rushlake cuts its holding in Mitchell Cotts to 12.5%

THOMAS MARSHALL

(LOXLEY) P.L.C.

(Manufacturers of Carbon, Fireclay, and Heat Insulating

FURTHER ADVANCE IN PROFITS

Extracts from the circulated statement by the Chairman, Mr. R.D. Hart.

despite the lower level of demand experienced by

some of our subsidiary companies. Group profits advanced to £1,247,376 before tax compared with

£1,118,146 in 1985, an increase of 11.5 per cent. Earnings per share at 16.12p reflect a tax charge of 26.5 per cent compared with only 17.7 per cent

We are pleased to recommend the payment of a final

dividend of 2.6p per share making a total for the year

of 4.6p, an increase of 15 per cent. The dividend is covered three and a half times by net earnings. The Directors propose that the authorised share capital be increased from £2,200,000 to £2,500,000 by the creation of a further 1,200,000 Ordinary shares

replace the shares allotted in making the acquisition of the Steetley holloware business and to give some small extra flexibility. The Group looks forward to

MÄRSHALL REFRACTORIES

Copies of the Report and Accounts are eveilable from the Secretary: STORRS BRIDGE WORKS, LOXLEY, SHEFFIELD, S6 6SX

of 25p each. The purpose of this increase is to

further progress in 1987.

 I am pleased to report that the group made further progress in the year ended 31st December 1986,

1986 £000 22,286 1,247 4.6p 16.12p

BY CLAY HARRIS

than a quarter of its stake in Mitchell Cotts, the engineer, contractor and international trader facing a hostile £74m takeover bid from Suter, the engineering and distribution group.

Rushlake, a private company controlled by the Jivraj family, reduced its holding from 17.4 per cent to 12.5 per cent with sales in the market on Wednesday. It had rejected an offer "We are not prepared to pursue such targets regardless of cost, particularly in a stock market climate which encourages inflated expectations."

With Suter shareholders' approval of a one-for-five scrip issue, the bid terms have been adjusted to three-for-10.

day. It had rejected an offer UNITYCORP TRUST (formerly

Results in brief (Year ended 31st December) Turnover

Profit before tax

Earnings per share

Dividend

Rushlake Holdings confirmed
yesterday that it had sold more a realistic price consistent with than a quarter of its stake in Mitchell Cotts, the engineer, "We are not prepared to pur-

day. It had rejected an offer from Suter, before the bid was launched, worth 70p a share.

Mr David Abell, Suter chairman and chief executive, told shareholders at yesterday's annual meeting that all operating subsidiaries except the packaging activities in Francis Industries had performed very satisfactorily over the first four months of the current year.

He said that the Mitchell UNITYCORP TRUST (formerly Wemyss Investment Trust): Net asset value per £1 share improved from 109.8p at end-March 1986 to 124.6p a year later, and from 109.8p to 123.9p after adjustment of rights activities in Francis months to March 31 were lower at 1.06p compared with 1.86p.

Pre-tax profits fell from £382,000 to £220,000.

19,553 1,118

4.0p 15.94p

Barry Wehmiller to join SE valued at £30.6m

BY RICHARD TOMKINS

Barry Wehmiller Inter- its fastest growing division is sational, a Cheshire-based pack- vision systems, and it is also aging equipment group which has outgrown its USparent, is seeking independence through a stock market flotation which will value the company at ketchup bottle.
£30.6m. The prospects

It is coming to the market through an offer for sale sponsored by Hill Samuel, the merchant bank, with Wood Mackenzie as stockbroker. The prospectus will be published on

Tuesday.
Nearly 15.87m shares in BWI Nearly 15.87m shares in BW1
—some 70 per cent of its equity
—are being offered at 135p a
share. Some 2.44m shares are
being sold by BWI and hte
balance are being sold by
Barry-Wehmiller Company, the
Microwyl-hased parant.

Missouri-based parent. BWI has three divisions. One supplies vision systems—elec-tronic devices which check for contaminants in food and drink. Another supplies machines that put tops on bottles and con-tainers. The third supplies

tamers. The turn'd supplies bottling machinery.

The company was set up in 1951 as a European subsidiary of its US parent. It was 55 per cent owned by Stone Platt Industries until 1981, when Stone Platt sold its stake to the US parent of the company of the US parent of the US p the US parent as part of its rationalisation programme.

Originally a specialist in bottle washing equipment, BWI has diversified into other markets since 1981—partly through a series of acquisitions. Today profit.

placings.

British Borneo to over £2.3m British-Borneo Petroleum

Syndicate, an investment holding and dealing company, increased its pre-tax profits from £1.91m to £2.31m in the year to March 31 1987. The total dividend is raised from 20p to 22.5p net with a final up from 14p to 15.5p. Stated earnings per 10p share improved from 27.5p

Castings rise 21% to £1.9m

Castings, West Midland-based malleable ironfounder, reported a 21 per cent increase in taxable profits for the year to the end of March 1987. And with all foundries working to capacity the board said it was looking forward to a period of stability with low inflation.

On turnover up from £13.22m

To £14.59m, a rise of 10 pc cent, pre-tax profits were £1.87m (£1.55m). After tax of £571,000 (£452,000) earnings per 10p share came out at 12.67p (10.69p).

An increased final payment of 2.75p (2.1p) is being proposed making the total for the year 3.75p (3p).

DIVIDENDS ANNOUNCED

	Date	Corres-	Total	Total
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payment	payment	div		year
	July 17	14		20
1 15	July 23			1.3
9.75				3
				2
. 6.3	July 18		g	8
. 3.8	_			4.5
17.891	July 3	17.4	25	24.5
201		20 f	20	20
	July 1			3.5
1.50	our r			1.4
. 5	July 30			13.25
. 1	_	0.05	1	0.05
	_	_	2.5	_
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1.4 1.8 18.1
4.6 2.0 26.4
4.7 3.2 11.8
2.9 2.0 10.4
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ORANGE JUICE 13 G/O %.

GRANGE JUICE 13 G/O %.

GOME 130 70 13

July 130 88 130 70 13

Sept 127 36 127 160 12

New 128 70 135 90 13

July 120 00 125 50

May 120 00 125 50

May 120 00 125 50

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SUGAR WORLD 11
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CHICAGO

Fight 57.25 54.65 49.55 44.75 42.75 42.75 42.30

High 17.05 17.23 17.45 17.62 17.98 17.98 18.50 18.50

Moving house broadens LCE's options

Quay, St Katharine Docks, this off Fenchurch Street. weekend, will herald a much The International I needed upturn in its fortunes. The move will bring trading in soft commodities in London under one roof for the first time, ending the fragmented trading practices which have done nothing to help the LCE in its battle to retain business in the face of competition from the powerful US exchanges, and the highly-successful London Financial Futures Exchange-"We can now provide an attractive trading environment to bring more business to Lon-don," said Mr Saxon Tate, chair-

In addition to the convenience factor, the LCE hopes that the move to one trading floor will help its members to cut the costs of administration and telecommunications. Although cocoa and sugar have both been trading at 52 Mark Lane, the exchanges are

Oxfam calls on

EC to reduce

sugar surplus

OXFAM IS urging the Euro-

pean Community to reduce its sugar beet surpluses, which it

sugar beet surpluses, which it blames for depressing world sugar prices. This in turn increases the poverty of 12m Third World sugar cane

The use of sugar substitutes and high fructose corn syrup

in the US is exacerbating the

problem, according to a report published by the charity.*

to stabilise world prices. It

wants cane producers to be

given financial compensation

for the loss of markets, and rich world governments to insert into trade agreements "fair labour" clauses designed

to ensure reasonable pay and working conditions on cane

It also urges Third World

governments to speed up land reform and help sugar workers

admits that the causes of the

world sugar crisis are complex

national action the toll of

over consumption this year. It puts 1986/87 (October-

says it is improbable that prices

from the current seven cents
The Hunger Crop-Poverty

"without urgent inter

The report calls for major producers to agree market shares and draw up a new International Sugar Agreement

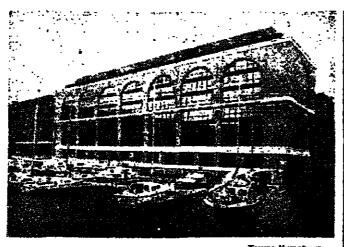
workers and their families.

By David Blackwell

THE LONDON Commodity Ex- well away from each other. The change hopes that the move to coffee market has been its new building at Commodity operating at Plantation House,

The International Petroleum Exchange, which has been trading at 21 Mark Lane, will be joining the LCE on the same trading floor in the £5.5m development.

The LCE had planned to move to Commodity Quay at Easter, but the fitting out of the building was delayed by the strike of British Telecom engineers. It has waited for a Bank Holiday weekend to carry out the move in order to ensure that any last minute snags can be ironed out before trading starts in earnest on Tuesday. Mr Tate said the exchange was going for 100 per cent success with the move, planning to stop trading this evening at the normal time and restart on Tuesday as if nothing had



Commodity Quay-LCE trading comes under one roof

retaining the ring system of trading whereas the IPE will adopt a pit system for its con-

Between the two trading able to start trading on June areas a space has been reserved 10. The exchange is now taking for traded options, which will applications for the remaining be launched on July 20. Four contracts will be offered — on cocoa, sugar and coffee by the LCE believes will be generated LCE and on gas oil futures by locals and options will "prove

options should prove attractive to "locals" — traders who earn their living by operating on tracts in gas oil, heavy fuel oil, their own account. gasoline and crude oil. The first 20 Io The first 20 locals will be

to the world that the LCE means business," said Mr Tate. The LCE sees the introduction of options as a vital step in increasing the volume of business at the exchange, which business at the exchange, which last year traded 3.5m lots worth much more positive attitude." appened. £40bn, compared with just over he had seen in the industry Sugar, coffee and cocoa are 2m lots in 1985. In addition, over the past year.

Japanese electricity concern wins Australian coal price cut

FINANCIAL TIMES REPORTER

AUSTRALIAN coal suppliers have conceded an 8 per cent price cut to Chugoku Electric Power, Japan's biggest steam coal importer, ending a twomonth impasse.

The reduction lowers \$29.40 a tonne from \$31.98 the base price Shugoku will pay to four Australian suppliers in the contract year starting April 1. The contracts are subject to

Australian Government appro-val. Australian coal industry officials were quoted as saying that in Australian dollar terms

the new price was 22 per cent below last year's price. ston Coal Export Corporation The deal with Chugoka is expected to set the trend for the US in an effort to renew expected to set the trend for the Contract which expired at ston Coal Export Corporation of the US in an effort to renew the contract which expired at contract renewals between Japan's other private utilities and Australian mines which the end of March.

Japan imported nearly 11m tonnes of US coal in 1986-87, supply about 14m tonnes of power station coal a year to of which Pittston supplied 3.5m tonnes. The Japanese claim other suppliers have dropped their prices by between \$5 and \$10 a tonne compared with last Meanwhile, Japan's contract-ing steel industry is continuing to exact equally painful price concessions from overseas supyear and are seeking a cut of at least \$5 from Pittston. But pliers of coking coal. Six major so far the two sides have failed Japanese steel mills have just to agree on either price or

Price boost for Ghana cocoa to aid crop improvement

Japan.

diversify into alternative production—particularly of food crops.

MR KWAME OWUSU, chief Mr Owusu said the bonus had crops.

MR KWAME OWUSU, chief Mr Owusu said the bonus had that any benefits from a net been set to encourage farmers rise in cocoa revenue, through to improve efficiency following rise in the country's cocoa producer price in an effort to amount of foreign exchange ducer price in an effort to amount of foreign exchange currency, would be passed on into the West African nation's successful rehabilitation processes and Brazil. ject for its main export, reports years. Renter from Accra.

He said the new price payable human misery will continue to mount," she warns.

The International Sugar would be 4,200 cedis per 30-kilo Organisation is forecasting a headload (equivalent to £526 "statistically insignificant" a tonne), compared with 2,550 surplus of world production cedis paid during the past 12 months.

Mid-crop purchases are due September) production at to begin soon although the 102.3m tonnes and 1987 conformal opening of the season sumption at 101.9m tonnes. It has not yet been announced. He also said farmers would will rise above 10 cents a lb be paid an additional bonus of The Hunger Crop—Povering and the Sugar Industry. Oxfam cent increase the previous year, the previous year, the News Agency reported. 10,000 cedis (£38) per tonne of cocoa if they attained a 24 per cent increase in yields over the previous year, the Ghana

Ghana, the world's third largest cocoa producer, launched an ambitious World Bank-

Successive producer price last year. rises, replanting of cocoa trees burnt during 1983 bush fires and efforts to make available

250,000 tonnes next season. He said the Government had ing exercise to worked out a scheme to ensure efficiency, he added.

Under a weekly currency auction system introduced last September, the cedi is now worth about 160 to the dollar backed rehabilitation project in compared with 90 when Ghana set its cocoa producer price

In other comments. Owusu said smuggling of cocoa into neighbouring Ivory Coast sprays and consumer goods to and Togo, once a serious drain farmers have rekindled their is- on Ghana's foreign exchange on Ghana's foreign exchange terest in cocoa and production reserves, had fallen to 3 per cent of total output because of Ghana's current total crop is frontier patrols and the expected to be around 230,000 increased earnings of farmers. tonnes and Mr Owusu said it About 13,000 Cocoa Board was on course to produce staff were laid off last month as part of a major restructurimprove

Shadows over Mauritanian iron ore

BY PETER BLACKBURN, RECENTLY IN NOUADHIBOU

casting a shadow over Mauri- It has sold controlling interests Neither does it have any supply tania's strenuous efforts to comin a local steel rolling mill as problems, even though the four pete in a depressed world well as hotel and catering existing mines in the Kedia market for iron ore.

Didjil mountains near Zouerate

The shale and sand wall runs ore railway for about 220 kilometres between the small border town of Inal and the Atlantic Ocean.

The railway carries some 9m tonnes of iron ore annually however. because of "cata-trophic" world prices combined the northern port of Nouad-trophic" world prices combined with the depreciation of the US the northern port of Nouad-hibou and the Mauritanian military regime of Colonel Ould Taya is concerned that the war could now spill across the border and disrupt ship-ments. The Mauritanians have painful memories of the disastrous war they fought with Morocco against the Polisario between 1976-78. Only two of the Societe Nationale Industrielle et Miniere iron ore company's 26 locomotives survived undamaged and exports slumped to 6.2m tonnes in 1978 from the record 11.7m tonnes in 1974.

The wall is an additional problem that the company could do without as it executes a drastic restructuring aimed at cutting costs and raising competitive-

The \$92.2m programme, financed by the World Bank, Arab and western donors, is due to be completed by mid-20 per cent of its 6,000 workers. a-year capacity.

measures to reduce operational will soon run out. costs and improve management helped it make a small net standard for the surrounding state of the surr

dollar. The company has been obliged to accept an across-theboard 10 per cent price cut in negotiations recently concluded with its main customers, Prices are now lower than in 1975. Although Mauritania is a relatively small iron ore exporter, compared with Brazil

and Australia, the industry is vitally important in terms of jobs and hard currency earnings.

It is the country's second bard currency most important hard currency earner, after fish, yielding some \$150m annually. About 95 per cent of Mauritania's iron exports go to Western Europe. Despite the slack world

marker the company plans to expand exports through aggressive marketing. It has set an export target of 10m this year, up from 8.9m tonnes in 1986. The increase would be made by developing new markets in

"Production capacity is unThe company does not exaffected as productivity has pect to be squeezed out of the of water a prototype plant using new money
been raised," Mr Moulaye market with the start-up of the an entirely dry ore enrichment next month.

Reserves in the nearby Guelbs—the black quartzite



a hundred year's production at The first phase of the Guelbs project started production at El Rhein, 25 kms north-east of Zouerate in July 1984, but various technical problems at

finished slimming its labour Even so it would still be oper-force by laying off more than ating well below its 12m-tonnes-20 per cent of its 6,000 workers.

the ore enrichment plant have slowed the build up of production, according to Mr Joel Fave-Lesage, the director of studies and development. The Guelbs ore has a much lower iron content-37 per cent

A NEW defensive wall built by Morocco to keep out the Algerian-backed Polisario, who are fighting for the independence of the Western Sahara, is ence of the Western Sahara, is trate on iron ore production.

Melainine, director of control, giant Carajas project in Brazil. process was designed with a The high quality Mauritanian nominal capacity of 6m tonnes a iron ore is seen by officials as year. Output last year totalled only 1.5m tonnes, however. Water is also a major probability of the control of the point of the poi Water is also a major prob-lem at Zouerate, where the population has risen to nearly 50,000. During the hot season extra supplies have to brought in by train Energy supply is another problem at Zouerate and imported fuel is one of the company's biggest production

The heat and sand pose serious daily problems especially on the railway. Temperatures of over 50 degrees centigrade between June and August sometimes bring the locomotives to a standstill, according to Mr Mohamed Abderrahmane Taleb, head of the company's railways

Fortunately the slack world market combined with an upward revision of reserves in the Kedia has given the company more time to iron out problems at the El Rhein plant. As a result phase two of the Guelbs project, involving the development of a second mineat Our Arwagen and construc-tion of a 9m tonnes-a-year enrichment plant, originally scheduled for 1990, could be delayed until the mid-1990s.
The delay also provides the company with a breathing space to service the \$350m debt incurred in the first phase of the Guelbs project, before incurring extra debt. The heavy

increased by revenue shortfalls due to production problems. The company is hoping that its financial backers will take account of the difficult market situation and soften loan repayment terms as well as providing new money at a meeting early

debt service burden has been

LONDON **MARKETS**

COCOA values on the London intures market staged a modest rally yesterday as attention centred on the operations of the International Cocos Organisation's national Coton Organization's buffer stock manager. The fall in the organization's 13-day indicator price below the "must buy" trigger level on Wednesday had made it certain, rather than morely probable, that the bom would be active in the market, and this had a steadying influence. this had a steadying influence. The July fatures prices closed £7.50 up at £1,263 a toune and the organisation's daily indicator price also moved somewhat higher. But the new daily indicator was lower than the prices are not the new daily indicator was lower than the prices are not the new daily indicator.

daily indicator wat lower than the one it replaced in the calculator of the average, so the average itself fell further to 1,596 special drawing rights a toune, against a trigger level of 1,600 SECIA. The buffer stock manager announced last night that he had howely snetter 4 000 had bought another 4,009 tounes of cocoa in the second hand market, the same figure as that which had left dealers "unimpressed" on as that which had dealers unimpressed dealers unimpressed some dealers were yesterday coming round to the view that regular purchases of this

trigger level.

LME prices supplied by Amalgamated Metal Trading. ALUMINIUM

order could be sufficient to push prices back above the

Unofficial + or HighTon
E per tonne 846-8 | +13.5 653 849-50 | +10 | 856/848 Official closing (am): Cash 853-6 (834-4.5); three months 864-5 (839.5-40); settlement 854 (834.5). Final kerb close: 850-1. Turnovar. 19,825 transes.

COPPER

Unoffic'i - or i close - High/Low £ per tonne Official closing (am): Cash S21-2 (915-5); three months 897-8 (880.5-1); sattlement 922 (918). Final kerb close: 874-5 -8,5

Official closing (em): Cesh 833-4 (877.5-8): three months 868-70 (865-5): sattlement 884 (878). US producer prices 70-75 cents per 8b. Total turn-over: 42,975 tornes.

LEAD

	iciosa (d	al + or lini) - r tonne	
Cash 3 months	435-40 387-7.6	-7.5 +2.76	448/446 388/383
(450-1); (388.5-8); kerb clos	three settlem nt; 388-8	months ant 446 1.5. Turn	Cash 440; 387.5-4 (451), Fir over: 11,8 nos per it
NICK	EL		

Unofficial + or 1 close (p.m.) - iHigh/Low £ per tonne 2590-606 +2 --hths 2605-15 +1 2650/2589 Official closing (am): Cash 2600-5 (2620-30); three months 2615-6 (2641-5); settlement 2606 (2630). Final kerb close: 2500-5, Temover: 2,436 tonnes.

Unofficial + or close (p.m.) - High/Low Official closing (am): Cash 491-2 (499-500); three months 488-9 (493.5-4); settlement 492 (500). Final terb close: 481.5-3. Turnover: 13,175 tournes. US Prime Western: 41.50-45,75 cents per lb.

KUALA LUMPUR TIN MARKET: Close 16.73 (16.69) ringgit per kg. Up 0.04 ringgit per kg.

SILVER

Silver was fixed 21.35p an ounce lower for spot delivery in the London bullion market yesterday at 533.95p. US cant equivalents of the fixing levels ware: spot 897.5c, down 40.5c; three-month 514c, down 41.7c; six-month 330.70c, down 42.95c; and 12-month 965c, down 44.15c. The metal opened at 536-540p (925-907c) and closed at 536-529p (885-890c).

SILVER Buillon + or LM.E. per Fixing p.m. unoffic LME—Turnover: D (1) lots

Gold fail \$7% an ounce from Wednesday's close in the London bullion market to finish at \$4539,470%. The matal opened at \$472,472°, which proved to be the day's high and touched a low of \$4574,468%. A firmer dollar trend following market approval of the debt provision made by Citicorp tended to depress gold. However, it rateined a bullish undertone and much depends on today's release of GNP and inflation figures. GOLD BULLION (fine ounce) May 20 Close 84691, 4701, (22791, 280) Opening ... 8472 47219 (22801, 2811) M'n'g fix. 8488, 10 (2279, 226) Aft'n'n fix 8469, 10 (2279, 226)

GOLD AND PLATINUM COINS Am Engle... \$483-488 (£2873,-2903, Mapleleaf 84832-48864 (£2873,-2903, Krg'r'nd... 8474-477 (£3624-384), L Krug.... \$1241-1851a (£74-744,) L Krug.... \$1241-1851a (£74-744,) L Krug.... \$1241-1851a (£74-744,) L Krug... \$1241-1851a (£74-744,) L Krug... \$1101-1851a (£74-744,) L Krug... \$1101-111 1a (£66-561a) (Did Sov.... \$1101-111 1a (£66-561a) (£305-1-3831a) S 20 Engle \$510-560 (£305-1-3831a) (£307-883)

MEAT COMMISSION—Average fat-stock prices at representative marketz, GB—Cattle 101.14p per kg lw (+1.46). GB—Sheep 254.70p per kg est dow (-18.35). GB—Pigs 79.92p per kg tw (-2.83). FUTURES-Live cattle: June 100.50.

us markets

is early trading, reports Drexel Burnham Lambert Gold, silver and platinum quickly made the loss of the

short-covering towards the close saw prices recover as the market closed markinally higher. A recovery in oil prices coupled with local short-covering steaded crude oil futures after early losses. Cocoa futures weakened on initial commission house selling, but prices railled on trade buying. Coffee weakened with local and commission house selling. Cotton futures railled strongly on commission house buying as the market made a technical break in the face of scale-up

INDICES

REUTERS

DOW JONES

May 10 May 19 M th ago Year ago

1525.9 1656.6 — 1764. (Base: Segrember 18 1831 — 100)

Dow May May M'th Year Jones 20: 15 ago ago

(Bese: December 31 1931 =100)."

MAIN PRICE CHANGES

† Unquoted, † Per 75-35 flack, c Cents a pound, * Cotton outlook, w June-Aug, v July, u play-June, z June-July,

Sales: 2.969 (3,286) lots of 5 tennes, ICO Indicator prices (US cents per pound) for May 20; Comp. dally 1979 113.04 (112.56); 15-day average 111.07

COCOA

.... 1362-1365 +5,4 1865-168 Sales: 2.102 (3,578) lots of 10

tonnes. ICCO indicator prices (SDRs per tonne). Daily price for May 21: 1575.30 (1565.31); 10-day average for May 22: 1696.48 (1598.30). FREIGHT FUTURES

With no physical name to induce buyers, levels dritted in this-conditions to close with small losses. The Guil/ Japan fixture an Wednesday rumoured at \$18.00 was confirmed, reports Clarkson Wolf. | Close | High/Low | Prev. Dry Cargo

| 1094 | 1040/1829 | 1039 | 1030/1037 | 1030/1039 | 1039/1040 | 1030/1039 | 1039/1040 | 1035/1030 | 1027 | 1040 | 930 | 946 | 950 | 950 | 950 | 950 | 950 | 1110 | 950 | 1084,5 | 1097,5

Tursover: 174 (351).

GRAINS

Old crop whest, after an unchanged start, firmed 50p before losing early gains on merchant and shipper selling to close on an earler note. Old crop barley again faitered on stop-loss selling, trading and closing at 50p down. New crops referred trade uncertainty over farm price income, easing 30p before regaining losses to close steady on consumer support, reports T. G. Roddick.

May ... 120.60 | +0.16 | 105.00 | -0.56 | July ... 121.90 | -0.20 | -7.85 | -0.20 | Nov. ... 102.90 | -100.36 | -0.16 | Jan. ... 105.45 | -100.36 | -0.16 | Mar. ... 107.95 | -106.36 | -0.18 | May ... 110.85 | -106.30 | -0.65 -0.56 Business done—Wheat: May 121.00. 20.50, July 122.56-190. Sept 100.65-0.60, Nov 102.80-2.00, Jan 105.45-5.20, Mar 107.95-7.75. May 105.85-10.75. Sales: 257 lots of 100 tonnes. Believy: May 105.00. Sept 98.00-7.85, Nov 100.35-0.30, Jan, Mar and May untraded. Sales: 24 lots of 100 tonnes. London Grahlfs—Wheat: US hard winter 13°2 per cent June 93.25, July 93.00, Aug 92.50. US No 2 soft red winter 13°2 per cent June 93.25, July 93.00, Aug 97.50. English feed 10b June 122.50 reperved paid sast coast; May 122.00, English feed 10b June 122.50 reperved paid sast coast; May 122.00, Deptito 105.75/102.55, Jan/March 109.75/110.50 buyers/sellers. Malze: US No 3 yellow/Franch transhipment east coast May 148.00. Barley: English feed 10b May 111.50, June 112.50 sellars. Aug 98.00.989.50 buyers/sellars. Sept 100.50 sellars. Aug 98.00.989.50 buyers/sellars. Sept 100.50 sellars. Aug sellars.

sellars.

HGCA—Locational ex-farm apot prices. Feed Burley: S East 108.10, W Mids 106.00, N West 108.00. The UK monetary coefficient for the week beginning Monday May 25 is expected to be unchanged. **POTATOES**

The market was steedy, alowly moving upwards throughout the day in thin volume to close at the highs, reports Colay and Harper. £ per tonne

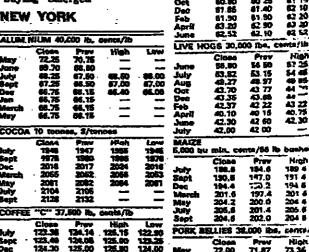
91.50 90.60 91.80-91.50 100.50 100.30 126.80 125.70 126.80-125.88 140.50 158.00 159.00 Sales: 280 (213) jots of 40 tonnes.

RARLY TRADE, local and commission house selling cased precious metal prices

day, but trade and bank support ate the lows prompted short-covering as the markets all closed with pared losses on the day. Copper futures traded indifferently, but short-covering towards the

the market made a technical break in the face of scale-up trade selling. Wheat futures lacked any significant feature depits reports of Soviet Union buying and reasonable export business. Mairo futures rallied on a combina-tion of firmer premiums and concerns over day washiet.

concerns over dry weather.
The sayabean complex also firmed with added impetus from anticipated demand.
Fork bellies tended to consolidate, but in cattle and hom short-covering and fresh



65.86 66.06 64.20 COTTON \$0,000 lb, ca Prev 162.9 163.2 184.5 165.5 167.7 168.5 172.0 172.0 172.0 Prev 71.45 70.30 70.30 71.02 71.40 71.80 88.00

Prev 16.69 17.06 17.29 17.46 17.77 17.89 18.15 18.45 WHEAT 5,000 bu min, cents/60 to bushel

High 477.5 472.8 474.8 474.8 484.5 490.8 497.2 503.5 511.0 522.0 540.0 Prev 472.3 476.1 479.2 485.2 491.4 498.2 504.9 511.9 525.6 470.3 473.1 476.3 482.3 486.5 486.3 502.0 509.0 523.7 831.1 538.6 SOVAREAN MEAN

GCLD 100 troy oz. \$/tray ex

	Yesterdrys	+ pr	Business
	close	-	done
	£		_
June		+0.70	
August	122,0-122,5 123,5-123,9	+0.75	121.5
October Dec	125.5-125.B	+0.48	125.5-194
Feb	129.0-129.2	+1.10	129,0
April June	127.5-129.5 127.5-129.5	0,58 0.25	
	0 (254) ici		
	_		

SUGAR LONDON DAILY PRICE—Raw auger \$175.00 (£104.00) down £3.50 (down £1.50) a ponne for June-July delivery. White auger \$190.00, down \$3.50.

Aug 199,5-181,61 157,2-157,6 182,0-155,6 Cot. 197,5-188,0-184,6-184,4-188,2-182,4 Dec 197,8-172,5-172,5-172,5-172,5-173,6-172,5-173,5-173,6-173,5-173,6-173,5-173,6-173,5-173,6-173, Sales: 2.489 (2.477) lots of 50 tonnes.

Tate and Lyle delivery price for grenutated basis sugar was £208.00 (£208.50) a tonne for export. International Sugar Agreement—(US cents per pound fob and atowed Caribbean poirs.) Prices for May 20: Daily price 5.76 (5.86): 15-day average 6.81 (8.20).

PARIS—(Fir per tonne): Aug 1137/1140, Oct 1167/1171, Dec 1182/1182, March 1220/1230, May 1250/1285, Aug 1280/1235.

RUBBER

PHYSICALS—The London market opened about unchanged, attracted fittle interest throughout the day and closed quiet and uncertain, reports and Peet. Closing prices (buyers): Spot 63.50p (63.00p): June 63.25p (62.75p); July 62.75p (62.25p). Kuala Lumpur fob price (Maleysian/Singeoper centa) per kg; R5S No 1 238.0 (236.0): SMR 20 205.0 (203.0). FUTURES—index 592, June 588-591, July 588-591, July 588-591, July 588-591, Sales: Mil.

OIL

Stent prices recovered from early love in moderate trade concentrated in July. July WTI opened 13c down on Mymes but traded 11c up at 1.30 pm EDT. Petrolaum products prices fell on greater availability due to more Middle Eastern oil bulng refined in Europe—Petrolaum Argus, London.

493.5
500.5 SPOT PRICES—Chicago locas bard
508.5 15.00 (asme) cents per pound. Handy
521.5 and Harman silver buillon \$83.0 (910.0)
529.0 cents per troy ounce. New York tin
536.6 319-23 (318-23) cents per pound. Latest + or -CRUDE OIL-FOB (\$ per barrel)-June 17.05-17.15 -0.05 .18.55-18.65 -0.05 .19.75-19.85 -0.176 Forcados (Nigeria) Urals (olf NWE),...... PRODUCTE—North West Europe Prompt delivery oif (5 per tonne) Premium gasoline... 200-203; --1,5] 160-152; --105-108; --1.5 165-167; --1 leavy fuel Olt... Petroleum Argus estimates HEAVY FUEL OIL une..... 108.00 -0.60 108.00 Turnover: 1 (5) lots of 100 tonnes. GAS OIL FUTURES

3,068 (3,194)

THT NEWSFAST has won a contract to handle the distri-bution of 42 of EMAP3 con-numer and leisure titles, its

Emap awards contract to TNT

biggest magazine distribution The decision ends a 34-year association between Emap and British Rail. The publications include six weeklies and the contract involves collection from 11 printing contres throughout the UK.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and pound steady

THE DOLLAR finished slightly firmer overall but mainly as a result of shortcovering. This followed a change of sentiment in market attitude to Tuesday's announcement of a large debt provision by the US bank Citicorp. The realisation that Third World exposure ought to be downgraded from the book value was greeted as a breath of fresh air and while the implications for other US banks was less than clear, it seemed that confidence in the dollar was not impaired.

In addition there was little incentive to push currencies out-

In addition there was little incentive to push currencies outside their recent trading range ahead of today's revision to US first quarter GNP figures. Particular attention was likely to be paid to the implicit price deflator, providing as it does, a good indication of the pace of inflation.

The dollar closed at DM 1.7770 from DM 1.7745 and Y140.45 compared with Y139.80. Elsewhere it finished at SFr 1.4590 from SFr 1.4540 and FFr 5.9475 from FFr 5.9350. On Bank of England figures, the dollar's exchange rate index rose from 99.7 to 100.2

figures, the dollar's exchange rate index rose from 99.7 to 100.2. STERLING—Trading range against the dollar in 1987 is 1.6885 to 1,4710. April average LES18. Exchange rate index 73.7, unchanged from the opening and Wednesday's close. The six months ago figure was 67.9.
Sterling remained very steady

throughout the day. Earlier it had lost a little ground as the market reacted to an opinion poll which suggested a narrowing of the Conservative lead in the run up to the general election. However, senti-

£	IN NEW	YORK:
-		

		Close
£ Spot	1.6790-1.6800 0.17-0.15 pm 0.444-0.40 pm 1.00-0.90 pm	1.6865-1.6875 0.17-0.16 pm 0.43-0.41 pm 0.95-0.90 pm
Forward pres U.S. dollar.	niams and discor	ents apply to th

STERLING INDEX

		May 21	Previous			
8.30 9.00 10.00 11.00 None 1.00 2.00 3.00	am cross	73.7 73.6 73.6 73.7 73.7 73.7 73.7	73.7 73.7 73.7 73.7 73.7 73.7 73.8 73.8			
CLIRRENCY RATES						

Bank Special European

104 AT	%	Rights	Link
Sterling U.S. Dollar U.S. Dollar Londidan S Austhin Sch. Beigian France Owiss (None Owiss (None Owiss (None Note. Guider French France, Habanese Yen Horway (None Somath France, Smits France,	55 790 + 77 20 4 5 5 7 5 5 7 5 5 7 5 5 7 5 5 7 5 5 7 5	0.77812 1.3083 16.3572 48.2127 8.75090 2.3257 2.62175 7.7822 N/A 183.16 8.64629 162.878	0.6947 1.1672 1.5734 14.595 43.015 7.8003 2.0761 2.3387 6.9432 150.37 7.7194 145.37 7.7294 1.7029 154.98 0.17536

CS/SOR rate for May 20: 1.76596

CURRENCY I	MOVEME	NTS
May 21	Bank of England Index	Morgan Guaranty Changes %
Sterling U.S. Dollar U.S. Dollar Canadian Dollar Amerian Schilling Selejan Franc Danish Krane Deutsche Mark Swiss Franc Gaulder Franc Franc Line Ven	73.7 100.1 76.3 138.7 100.5 93.8 147.6 175.9 135.8 71.8 47.3 224.9	-19.9 -6.7 -12.1 +10.2 -4.3 +5.7 +21.9 +24.2 +14.5 -12.9 -18.3 +67.8

Morgae Guerarly changes: everage 1980-1982-100. Bank of England Index (Base average 1975-100).

OTHER CURRENCIES						
May 21	£	\$				
Argentina Australia Beazii	2,6720-2,6540 2,3275-2,5305 52,9820-53,2790	1.5920-1.5980 1.5850-1.3860 31.5650-31.7230				
Finished Greece Hong Keng	7,2680-7,2905 221,05-224.95 13,6900-13,1000	4.3905-4.3325 151.35-153.75 7.8025-7.8035				
Kneek	118.50* 1378 90-1301.40 0.65900-0.46050	69.85° 820.70-827.30 0.27375-0.27585				
Mexico	61.85-61.95 11590-1.1490 264-60-2096.00	36.80-36.90 2.4695-2.4710 1236.00-1248.00				
N. Zestard Saud Ar	1,8980-2,9030 5,2910-6,3045 3,5375-3,5480	1.7250-1.7270 3.7495-1.7505 2.1125-2.11350				
Singapore	3.3420-3.3570	1.9920-1.9960				

S. AI. (St) - 5.1200-5.2900 3.0535-3.1495 Talean 1.5375-54.00 32.00-32.10 U.A.E. 6.1695-6.1755 3.6725-3.6725 Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

MONEY MARKETS Rates firm on poll SLIGHTLY HIGHER interest Help of £145m was provided.

The authorities did not operate in the market before lunch, but in the Labour Party had reduced the Conservative lead to only hills in band 1 at 8% per cent.

In Amsterdam call money was steady at 5% per cent, as the Dutch Central Bank drained liquidity from the money market.

mut in band 1 at 8% per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained from several election was tempered by sterilarly steady performance, and no sign yet of concern by overseas holders of the pound.

Dealers also took note of events in the US, and the surprise draining of funds from the New York

UK clearing bank has been a supplied to the pound of the pound of the pound.

UK clearing bank has been performed by the performance in the US, and the surprise draining of funds from the New York In Paris the Bank of France lent its money market intervention rate at 7% per cent, when injecting funds into the money market against first category paper. The intervention rate was last changed on March 9, when it was cut from 8 per cent.

UK clearing bank base lending rate 9 per cent since May 8

benking system by the Federal Reserve on Wednesday, sugges-ting this week's meeting of the Federal Open Market Committee night have agreed on tighter cre-

might have agreed on tighter credit policy.

In New York yesterday the Fed added reserves as expected by way of five-day system repurchase agreements. Federal funds were trading 6% per cent when the central bank intervened to add temporary reserves, compared with an average of 6.6 per cent on with an average of 6.5 per cent on

Wednesday.
The Bank of England initially forecast a London money market shortage of £150m, but revised this

ment remained basically firm and with so much good news already written in to sterling's value, the odd hiccup was always likely to occur. The pound closed at \$1.6795 down from \$1.6835 and DM 2.9850 compared with DM 2.9875. Against the yen it was firmer at Y236 from Y235.25 and SFr 2.45 compared with SFr 2.4475 but eased to FFr 9.9875 from FFr 9.9925.

D-MARK —Trading range against the dollar in 1987 is 1.9305 to 1.7690. April average 1.8112. Exchange rate index 147.6 against 142.8 months ago.

improvement in the dollar, traders still retained a bearish under tone, stressing that basic under lying fudamentals still pointed towards a dollar decline. The dollar closed at DM 1.7780 from DM 1.7685. JAPANESE YEN. Trading range

JAPANESE YEN.—Trading range against the dollar in 1987 is 152-45 to 138.35. April average 142.86. Exchange rate index 224.9 against 204.2 six menths ago.

Trading was rather subdued in Tokyo with no fresh factors to influence the market. The dollar finished slightly firmer on short covering as traders took a more relaxed view of Monday's debt provision announcement by Citi-There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the dollar was fixed at DM 1.7777 from DM 1.7697. Trading volume was low because most dealers were content just to square off positions ahead of US GNP data and the long weekend in the UK and US. Despite the short-term covering as traders took a more relaxed view of Monday's debt provision announcement by Citi-compared with Y139.75 in New York and Y139.50 in Tokyo on Wednesday. The relatively narrow trading range was also a reflection of market caution ahead of today's first quarter US GNP revisions.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency autounts against Eco May 21	% change (rom central rate	% change adjusted for divergence	Divergence limit %		
Beiglen Franc Danish Krone German D-Mark French Franc Dutch Guilder Irish Punt Italian Lira	42.4582 7.85212 2.05853 6.90403 2.31943 0.768411 1483.58	43.0153 7.80817 2.07615 6.94326 2.33878 0.775309 1505.72	+1.31 -0.56 +0.86 +0.57 +0.83 +0.90 +1.49	+0.65 -1.22 +0.20 -0.09 +0.17 +0.24 +1.30	± 1.5344 ± 1.6404 ± 1.0981 ± 1.3674 ± 1.5012 ± 1.6684 ± 4.0752		
Trainer are for Four therefore positive shores describe a cook as a cook							

CHUO	SPOT-	FORWARD	AGAINST	THE POUND

May 21	Day's spread	Clese	One month	% p.e.	Three months	₽ 2.
JS	1.6830-1.6770	1.6790-1.6800	0.23-0.18c pm	1.39	0.51-0.46 pm	1.16
(Dans	2,6060-2,6730	2.2640-2.2650	0.14-0.05c pm	0.50	0.11 pgr-0.02 dis	80.0
letherlands .	3.35%-3.37	3.35%-3.36%	14-7cm		3-21 ₀ pm	
Selglera	61.79-62.02	61.85-61.95	10-7c pm	1.65	28-23 pm	
errark	11.20-11.26	11 23 11 24	1%-1%are ats	-1.34	37,47,66	
retand	1.1125-1.1180	1.1160-1.1170	0.18-0.28 p ds		0.40-0.60 @	
₩. G ermany .,	2.98-2.994	2.98-2.99	14-14pt per	4.77	34-31 ₂ 0m	4.86
ortugal	231.97-233.86	232.68-233.86	101-153c dis		360-448 dis	-6.94
ipain	209.06-209.58	209.08-209.37	78-130c dis	-5.97	332-420 dis	-7.19
taly	216212-2160	216412-216512	1-4 line dis	-1.39	6-11 65	-1.57
forway	11.03 11.124	11.11-11.12	44-512 ore dis	-5.53	154-76 de	-5.62
TRICE	9.984-10.00	9.984-9.994	1 ₂ -par ¢ pop	0.30	11 ₀₋₁₀ թա	
weden	10.4512-10.4812	10.45%-10.46%	5-1 ore os	-0.93	25-34 pm	-1.12
8p2h	23512-23612	2357-2367	1-7 ₃ y pm	4.77	27-25 pm	
ustria	20.96-21.02	20.96-20.99	87 ₂ -77 ₂ c pen	454	237-214 pm	
witzerland	2442-24512	2442-2452	l'a-1 c no	5.20	3-23000	

Beigian rate is for convertible francs. Financial franc 62.10-62.20. Six-month forward dollar 0.81-0.76 c pm. 12-month 1.01-0.91c pm.

OLLAR	SPOT-F	ORWARD A	AGAINST TI	HE D	OLLAR	
May 21,	Day's spread	Close	One month	% pa	Three months	% pa
Kt	1.6770-1.6830	1.6790-1.6800	Q.21-Q.18c pm	2.39	0.51-0.46 pm	1.16
†bqals	1.5037-1.5073	1.5055-1.5065	0.55-0.50c pm	4.18	1.28-1.38 pm	3.27
aben	1,3455-1,3490	1.3470-1.3489	0.09-0.11c dis	-0.89	0.35-0.38 dis	-1.08
rtherlands .	19990-2.0050	2.0010-2.0020	0.37-0.33c pm	2.10	1.25-1.20om	2.45
rigium	36.79-36.90	36.80-36.90	3cm-Par		9-4 pm	0.71
merk	6.67%-6.69%	6.683-6.694	1.00-1.70ore dis	-242	3.15-3.85 ds	-2.09
Germany .	1,7745-1,7800	1,7765-1,7775	0.56-0.53e/ om		1.77-1.72ms	3.93
rivezi	1384-1384				250-300 dls	-7.93
4 p	124.43 124.65	124.45-124.55				-8.03
ky	1286-12905	12881-1289-	2.60-3.10lize dis	~2.65	7.00-9.005	-2.48
XW2/	6.60-6.624	6616662	3.50-4.00ore dis		10.70-11.20dis	-6.63
note	5.934-5.95		0.45-0.55c dis		0.95-1.20 ds	-0.72
redez	6.22-6.2315	62272623			3.10-3.50 ds	-2.12
	139.95-140.60	140.40-140.50	0.42-0.37yerpm		1.34-1.29 mg	3.75
stria	1247-1251		3.50-3.10pm pm:	337	10.50-9.50em	321
backers	1 4550-1 4405	1 4585-1 4506	052048-		1 30.3 24	37/

EURO-CURRENCY INTEREST RATES							
May 21	Short term	7 Days	One Month	Three Months	Six Months	One Year	
Starling	74-8 65-64 74-74 43-5 4-1 313-311 711-711	71-81- 67-7 71-71- 47-5 71-71- 311-311 711-81-	612-85 71-714 71-8 5-514 33-34 31-34 84-82	84-87 71-77 84-82 5-54 312-312 31-314 84-84	811-812 74-77 811-914 514-52 311-312 37-314 81-872	91-92 82-82 92-92 92-92 52-53 37-4 31-37 81-81	
(12/03) Lire	9-11 6:1-7-1 6:1-7-1 5:4-1 91-10 ² 2 4-14	94-104 612-73 612-7 43-414 94-104 NA	91-204 612-74 63-7 312-4 97-104 43-42	10-10-2 7-12-7-2 7-7-3: 31-3: 91-10 41-41	102-102 74-72 72-72 312-37 94-104 43-44	10%-11% 72-72 73-73 33-311 10%-10% 45-42	

Long-term Eurodollars: Two years 87, 91g per cent; three years 94, 97g per cent; four years 94, 97g per cent; five years 94, 97g per cent nominal. Short-term rates are call for US Dollars an Incompany Year, where the dust entire control of the co

lapanese	Yen; ou	ers, two	orde, so	DOE.						
EXCHA	NGE	CROS	S RA	TES						
May 22	£,	S	DM	YEN	F Fr.	S Fr.	NFL	Lire	C \$	B Fr.
£ .	1.	1.680	2.985	236.0	9.988	2.450	3.363	21 <i>65.</i>	2.265	61.90
	0.595	1	1.777	140.5	5.948	1.459	2.002	1289.	1.348	36.85
DAF	0.335	0.563	1	79.06	3346	0.821	1.126	725.3	0.759	20.74
YEN	4.237	7.117	12.65	1000.	4252	10.38	14.25	9174.	9.595	262.3
F Fr.	1.001	1.682	2.9 8 9	2963	10.	2453	3.367	2168.	2.267	ப.%
S Fr.	0.408		1.218	9633	4.077	1	1.372	883.7	0.924	25.27
N FL Ura	0.297 0.462	0.499	0.888	70.19 109.0	2.970 4.613	0.729 1.132	1. 1.553	643.9 1000.	0.673 1.046	18.41 28.59
CS	0.442	0.742	1.318 ₁	104.2	4,410	1.082	1.485	956.1	1	27.33
B Fr.	1.616	2.723	4.822	381.3	16.13	3.958	5.432	3498.	3.658	100.

Fī

(11.00 a.m. May 21) 3 mon	ets U.S. dollars	6 montes U.S. dellars		
bld 71 ₂	affer 7%	bid 713	offer 713	
The fixing rates are the arithmolifered rates for SLOm quoted to The banks are National Westm Paris and Morgan Guaranty To ACCURENT TO A TOPIC TO THE PARIS TO TH	ly the market to five o doster Sank, Bank of	eference banks at 13	LOO a.m. each working o	
MONEY RATES				
NEW YORK		estiny Bills and		

LONDON MONEY RATES Month 811-811 811-811 811-82 81-81 815-82 81 815-85 814 85 814 81 815-67 813-813 67-6 Interbank
Starling CDs.
Local Authority Deposits
Local Authority Boods
Discount Mriest Deposits
Company Deposits
Finganz House Deposits
Treasury Sills 1 Bayl
Bank Bills (Bay)
Fine Trade Bills (Bay)
Option CDs
SOR Linked Deposits
ECU Linked Deposits ē. 84 85 94 94 —

The authorities allocated funds at an unchanged 5.1 per cent, when accepting bids of DFI 2.4bn at a tender for eight-day special advances. This only partly replaced the DFI 3.7bn draining from the market as an earlier sixfrom the market, as an earlier six-day facility expired. Subscriptions were meet in full, and the amount of money supplied was thought to be sufficent, when added to a new three-month credit quols, to cover the current money market credit shortage of between DFI 7.5bn and DFI 8bn.

FINANCIAL FUTURES

Gilts and bonds recover

LONG-TERM gilt futures recovered on the London Inter-national Financial Futures Exchange yesterday, as the market regained its poise, after The Citibank loss and increased

loan loss provision provided the shock, and the opinion polls, ahead of the UK general election provided the rumours. The Harris poll for TV-AM con-

firmed market fears that a poll would show the Conservatives lead cut sharply to 3 percentage

points, but traders gained some consolation from two other polls, in the morning press, still showing a strong lead for the Tories.

June long-term gilts opened fir-mer at 126-01, and touched a low of 125-18. The contract rose to a peak of 126-08 and closed at 126-03, com-pared with 125-26 previously. US Treasury bond futures were

firmer, as dealers reconsidered the Citibank move, and decided the bank's action on debt was likely to be more constructive than at first feared.

Bonds for June delivery opened at 88-00, and fell to a low of 87-29. The highest level touched was 88-24, and the contract closed at 88-

24, and the contract closed at 8869, against 87-22 on Wednesday.
The surprise move of the US
Federal Reserve to drain liquidity from the New York banking
system on Wednesday, through
matched sales, was seen as a
possible indication this week's
Federal Open Market Committee
meeting decided to tighten its
monetary stance, following recent
signs of inflationary pressure, and
to defend the dollar.

Latest High 0.7132 0.7140 0.7200 0.7209 0.7277 0.7285

0.5627 0.5685 0.5751

High 92-62 91.73 91.33 91.08 90.89 90.74 90.59 90.46

High 283.10 285.25 287.40

Calls—Johy 15.40 12.10 8.30 4.25 1.70 0.65 Pols-July 0.25 0.30 0.45 1.35 3.85 7.85 12.90 15.40 12.10 8.30 3.60 1.00 0.25 Sept. 0.02 0.10 0.38 1.14 2.70 5.27 8.79 Calls—Last Sapt. Dec. 0.54 0.51 0.38 0.40 0.17 0.22 0.10 0.16 9.06 0.11 0.03 0.07 em int: Calls 1,382 Sept. 1.15 1.80 2.60 5.10 6.70 8.41 10.10

Prev. 67-28 86-27 65-30 85-04 84-12 83-22 82-15

Jase Sept. Dec. Mar. Jene Sept. Dec. Mar.

Juste. Sept. Dec. Mar.

Enquirles: 01-634 4360/5. Dealing: 01-236 9861.

93.87

Prev. 0.6894 0.6957 0.7030 0.7090

0.15 0.50 1.30 2.70 4.60 7.00 0.35 0.60 1.40 2.25 3.65 5.40 7.50 LONDON **CHICAGO**

0.00 0.00 0.00 0.06 0.68 2.93 7.26

June Sept. Dec. Har. Jun. Sept. Dec. Mar.

Close 91.25 91.12 90.87 90.68 90.48 90.30 1.76 91.76 91.08 90.85 90.65 90.45 90.28

Close High Low Prev. 218.20 221.00 217.00 220.30 221.70 222.30 221.50 223.80 dated volume 1,604 (1,776) pos day's open int. 5,359 (5,185)

THREE-MONTH EURODOLLAI Sim points of 100% High Los 92.44 92.35 91.73 91.22 91.08 90.93 90.82 90.71 Close High Li 92.42 92.44 92 91.72 91.73 91 91.32 91 91.32 91 91.32 91 90.88 90.89 90.89 90.59 9 Estimated volume 8,768 (32,516) Previous day's open int. 30,795 (30,998) U.S. TREASURY BONDS 8% SIOO,000 32mis of 100%

CURRENCY FUTURES POLDID-S (FOREIGN EXCHANGE)

MM-STERLING Sc ner E Latest High Low Prev 14775 14800 14755 14815 14725 14750 14750 14765 14700 14770 14750 14760 14700 14770 14700 14760 Close High Low Prev 1.6780 1.6803 1.6768 1.6855 1.6745 1.6753 1.6745 1.6825 1.6720 — 1.6800

LIFFE-STERLING £25,000 \$ per £ Sept. 1.6745 1.6753 1.67 Dec. 1.6720 — — Estimated volume 46 (122) Previous day's open int 590 (468)

TIONDON IN	TERBANK FIXING			
	3 months U.S. dollars	र्ग मध्यप्र	s U.S.	dollars
bld 73 ₂	वीश 🐴	bid 712	T_	offer 7()
ered rates for \$10m q e banks are National ris and Morgan Guar ONEY RATES		eference banks at 11 Tokyo, Deutsche 1	LOO a. Bank, E	m. each working da Sangse Navionale (
EW YORK	Tre	estiry Bills and	d Bøl	ndş

3.50-3.60 712-7% %-1% 5-5% 2.96875 9%-10% 7.90 11%-11% 3.65-3.75 8-84 3-34 5-54 3.78125 104-107 67-7 114-114 3.65-3.75 82-82 ------11-114 3.65-3.75 81₂-81₄ 31₂-37₁ 5-57₄ 3.65-25 101₄-101₄ 7-71₂ 11-111₅ 3.65-3.80 52-82

Treasury Bilts (sell); one-month 8½ per cent; three-months 8½ per cent; Bank Bilts (sell); one-month 8½ per cent; three-months 9½ per cent; three-months 9½ per cent; three-months 9½ per cent; three-months 9½ per cent; three-months 8½ per cent; three-days months 8½ per cent; three-days months 8½ per cent; three-months 8½ per cent; three-months 8½ per cent; three-months 8½ per cent; three-months 9½ per cent

INTERNATIONAL **TAXATION**

The Financial Times proposes to publish a Survey on International Taxation on **June 12 1987**

Among the subjects reviewed will be: INCOME TAX REFORM

THE RISE OF VALUE ADDED TAX THE GROWTH OF INTERNATIONAL TAX CONSULTANCIES

For more information about advertising in this Survey and a copy of the synopsis, contact:

> Claire Broughton on 01-248 8000 extension 3234

The content, size and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor



THE EXPORT-IMPORT BANK OF KOREA

U.S.\$50,000,000 Floating Rate Notes due 1994

In accordance with the provisions of the Notes notice is hereby given that for the six month Interest Period from 21st May, 1987 to 23rd November, 1987 the Notes will carry an Interest Rate of 8.0625% per annum. The Coupon amount payable on Notes of U.S.\$10,000 will be \$416.56. U.S.\$100,000 will be \$4165.63.

FIRST CHICAGO

SWORLD VALUE OF THE DOLLAR

The table below gives the rates of exchange for the U.S. dollar against various correncies as of Wednesday, May 20, 1987. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times

issume responsibility for errors. Bank of America Global Trading, London, New York, Tokyo, San Francisco, Los Angeles, Toronto. 24-hours a day trading capability.

ECU=\$US1.17254 SDR1=\$US1.31217 As of May 20, at 11.00 a.m. 3 months Eurodollar Libor: 714

Sibor:

VALUE OF DOLLAR COUNTRY CURRENCY CURRENCY Pacua New Guinea 0,8873 240,00 550,00 785,00 15,55 24,25 19,45 20,48 1,7227 248,70 137,85 1,00 Lek
Dinar
French Franc
Spanish Peseta
Kwanza
E, Caribbean \$ Franc U.S. \$ {Quetzal (o) {Quetzal (b, i) Peso (3) {Franc Guinea Bissau (Franc (D) Franc (D) (Dollar (Dollar (a) 1.00 0.3769 Geurde Lempira (o) Dollar Foriol Riyal 3.641 Spanish Peseta.
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Boliviano (o)
Boliviano (f)
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Dollar
Lev Rupec Rupiah Rial (o) St. Helena
St. Lucia
St. Pierre
St. Vincent
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E. Caribbean 5
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E. Caribbean \$ 2,60 296.15 1.00 12.59 2.01 1.6507 31.358 2.115 0.8715 6.5489 122.698 70.3417 0.3109 1.513 1.584 Rial (d)
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Australian Dollar 1.584 1283.60 5.49 139.50 0.332 Lev C.F.A. Franc Kyat Franc P.J. 15,8097 1,3803 0,94 Rupee Leone Dollar Dollar Shilling (d) | Rand (f) | Rand (c) C.F.A. Franc 0.2706 Labanon Lebanon Lebanon Lebanon Liberia Libria Libria Libria Liberia Liberia Libria Liechtenstein Libria Li 35.00 122.25 1.9853 1.00 0.2926 1.4508 36.68 South Africa ... Olnar Swiss Franc

2.118 1.00 1283.60 34.485 3.751 296.15 5.5134 45.80 2.115 1.9704 120.20 3.1746 1.9853 296.15 1.346! 124.00 72.405 0.835 296.15 215.12 3.722 237.84 296.15 296.15 0.7733 2.1088 5.55 ESCARD
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Costa Rica
Cote d'Ivoire 2.206 2.47 10.10 296.15 2.9542 5.923 74.80 12.501 Colon C.F.A. Frasc Dollar (c) Shilling Baht C.F.A. Franc 32.13 60.23 296.15 1.580 3.60 0.81 1.00 1.300 3.673 1.00 3.673 1.450 0.423 14.50 0.29.00 1.900 1.900 80.00 1.900 80.00 1.900 80.00 1.900 80.00 1.900 80.00 1.900 80.00 1.900 80.00 1.900 80.00 1.900 80.00 1.900 80.00 1.900 80.00 1.900 80.00 1.900 80.00 1.900 80.00 1.900 80.00 1.900 80.00 1.900 80.00 1.900 80.00 1.900 80.00 1.900 1.900 80.00 1.900 1.900 1.900 80.00 1.9 6.657 177.00 French Franc French Franc Togrik (a) E. Carlbbean : Dirham Metical New Shilling (1) (6) Durham Pound Sterling® Egypt El \$afvador ... S. A. Rand Vatu L-ra | Bolivar (o) | Bolivar (n) | Bolivar (d) 6.657 1.6883 1.0624 4.313 5.923 296.15 5.923 107.691 Fiji Dollar
Finland Markla
France
French C'ty in Africa Franc
French Gulana Franc
French Pacific Islands C.F.P. Franc 70.00 70.00 1700.00 296.15 4.0403 3.5088 6.582 C.F.A. Franc
Dalasi
Ostmark (o)
Oeutsche Mark
Ceds Yemen
Yemen PDR
Yugoslavia
Zarre Republic
Zarreba
Zimbabwe

n.a. Not available. (m) Market rate "U.S. dollars per National Currency unit. (a) Parallel Rate. (b) Official rate. (b) Floating Rate (c) Commercial rate. (d) Freemarket. (e) Controlled. (f) Financial rate. (g) Preferential rates. (h) Non essential imports. (f) Floating tourist rate. (j) Public Transaction Rate (k) Agriculturat products. (i) Protory Rate. (n) Essential imports. (j) Esports. (1) Key Striking devalued against the SDR by approx. 04°s. (2) Brazil 30 App 87: Cruzato devalued by approx. (5) Gunea Bissau, 4 May 87: Pero devalued by approx. (4) Sambia, 5 May 87: Kwacha pegged to the Dollar. (5) Egypt, I2 May 87: Partial floation of the Pound are information please contact, your local branch of the Bank of America.

0.385

17.308 1.00

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS		THU	RSDAY MAY	21 1987		WEDI	KESDAY MAY	20 1987	D4	DLLAR INC	EX
Figures in parentheses snow number of stocks per grouping	US Dollar Index	Day's Change	Pound Sterling Index	Local Currency Index	Gross Div. Yield	tiS Doltar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (94)	139.98	-0.7	123.57	128.99	3.03	140.95	124.13	129.56	240.95	99.92	87.58
Austria (16)	88.65	-1.2	78.25	81.82	2.30	89.71	79.01	82.49	101.62	88.45	85.73
Belgium (47)	116.47	-11	102.81	106.27	4,49	117.76	103.70	107.01	123.62	96.19	78.74
Canada (131)	125.30	-0.9	110.61	122.26	2.49	126.43	111.34	123.27	136.17	100.00	100.24
Denmark (39)i	117.28	-0.2	i 103.53	105.71	2.59	117.49	163.47	106.67	124.10	98.18	97.95
France (122)	112.18	-12	99.03	104.65	2.67	113.57	100.02	105.73	121.82	98.39	87.36
West Germany (90)	91.49	+0.0	80.76	84.52	2.20	91.47	80.55	84.39	100.33	84.00	82.04
Hosa Kona (45)	108.80	-02	96.05	109.00	3.03	109.07	96.05	109.27	114.71	96.89	77.72
Hong Kong (45)	129.01	-0.2	113.88	120.70	3.61	129.22	113.80	120.66	131.86	99.50	85.14
Italy (76)	101.59	+0.1	89.68	97.80	1.69	101.52	89.41	97.39	11211	94.76	103.23
Japan (458)	150.61	+0.5	132.95	133.71	0.49	149.89	132.00	132.46	761.28	100.00	72.99
Malaysia (36) Mexico (14)	166.GO	+0.8	146.54	157.93	2.40	164.71	145.05	156.54	166.00	98.24	67.39
Mexico (14)	173.81	-1.0	153.43	236.03	0.93	175.62	154.66	238.09	1 197.27	99.72	50.51
Netherland (38)	118.21	+0.4	104.35	107.98	4.11	117.68	103.63	107.39	120.14	99.65	87.73
New Zealand (27)	91.30	-1.1	80.60	83.68	3.24	92.28	81.27	84.50	100.59	83 93	64.95
Norway (24)	138.17	-1.2	121.97	124.10	2.04	139.86	123.17	125.05	139.86	100.00	90.52
Singapore (27)	137.99	÷1.1	121.62	134.37	1.76	136.46	120.17	133.00	137.99	99.29	60.15
South Africa (61)	181.62	+0.3	160.33	123.12	3.19	181.03	159.43	124.63	186.74	100.00	86.76
Spain (43)	11230	-1.7	99.14	105.92	3.87	114.25	100.61	107.23	121.31	100.00	81.53
Sweden (33)	114.37	+1.6	100.96	105.44	2.19	112.62	99.18	103.70	124.68	90.85	86.04
Switzerland (51)	95.94	+0.7	84.69	86.78	1.98	95.27	83.90	85.88	104.06	93.26	80.68
United Kingdom (338)	144.86	-10	127.88	127.88	3.27	146.27	128.81	128.81	148.66	99.65	96.20
USA (596)	114.71	+0.8	101.26	114.71	3.16	113.85	100.26	113.85	124.06	100.00	100.72
Europe (931)	119.14	-0.6	105.17	108.15	2.93	119.83	105.52	108.51	121.61	99.78	90.44
Pacific Basin (687)	148.66	+0.4	131.23	132.59	0.65	148.04	130.37	131.45	158.30	100.00	73.37
Euro-Pacific (1618)	136.89	+0.1	120.84	122.84	1.44	136.79	120.47	122.29	143.22	100.00	i 80.10
North America (727)	115.27	+0.7	101.76	215.14	3.12	114.52	100.85	114.38	124.60	100.00	100.70
World Ex. US (1824)	136.98	+0.0	120.92	129.18	1.50	136.92	120.58	129.08	143.09	100.00	80.86
World Ex. UK (2082)	126.65	+0.4	111.80	119.24	1.94	126.10	111.05	118.47	133.33	100.00	87.94
World Ex. So. Af. (2359)	127.93	+0.3	112.93	119.99	2.07	127.56	112.34	119.36	133.85	100.00	88.65
World Ex. Japan (1962)	117.66	+0.2	103.87	113.23	3.04	117.46	103.44	112.95	121.81	100.00	96.13
The World Index (2420)	128.27 j	+0.3	113.23	120.04	2.08	127,90	11264	119.44	134,11	100.00	88.64

Base values: Dec 31, 1986 = 100

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FT CROSSWORD PUZZLE NO. 6,333 GRIFFIN

C≠CaH

8≃Bid

5 Nothing in her rug could be

Solution to Puzzle No. 6,322

BATTLEOFMITS
R.U.U.A.A.R.C.T.
INSURES THEMASH
D.T.N.T.H.N.R.E.
EARNS COLESLAW
S.I.O.A.M.E.T.U.
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UNCLESAM IGLOO
DARLING NEEDLES
S.D.T.L.Y.N.O.E.
STAGBBYSTAGB

ACROSS
1 For some small change flog a

hound in (9)

tree! (6,5)
7 Sentry drops 28 coins (3)
9 Certainly not returning right uniform (5)
10 Puritan showed trained hound in (9)
10 Some careful (7)
11 less smooth (7)
12 Keep secret vault, being narrow-minded (9)
7 One running on snow breaks his leg (6)
8 Some careful (7)
18 Samooth (7)
18 Samooth (7)
18 Samooth (7)
18 Samooth (7)
19 Some smooth (7)
20 Some smooth (7)
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27 Sentry drops 28 coins (3)
28 Certainly not returning right uniform (5)
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28 Sentry drops 28 coins (3)
29 Sentry drops 28 coins (3)
20 Sentry dr

hound in (9)

11 He bills me for coming round to decorate (9)

12 Bay with large, empty house-boat (5)

13 Some camper like it unitary. perhaps (6)

14 Doctor Simon Cain rises, unable to sleep (9)

18 Plant scientist obtains new boat (5)

13 Cunning Eric travels without 17 One who has run out of famous explorer (7) clothes? (8)

15 Regret having hole in rake

19 Sweet uses two keys to lock

(4) up (7)

18 Second-hand handle on front 20 Cheer the centre-half then door (4)
20 Retreat behind screen, 21 May be lucky on Minehead exhausted (7)

23 Sudden fright wakes you up

(5)

(5)

(6)

(7)

racecourse (6)

22 Mostly masculine, one admitted (6) 24 Foul by team brought about 25 unusually cross, tear round

26 Sure many find Eton chaotic 27 About right moment for a

joke (5)
28 For missing 7 across sentry is shot! (3) 29 Shrub firm not back by Bank Holiday (11)

DOWN 1 A few words from the judge?

(8)
2 Very much like prison to Budgie (8)
3 He's learning to climb around mid-April (5)

4 Prevent heartless cyclist causing obstruction (7)

Actam & Company Albed Arab Bk Ltd... Albert Duntair & Co Allied Instr Bank ANZ Bankian Group Barco de Búbao ...

Bask Leonu (UK) Bank Credit & Consm Basir of India. Bank of Scotland. Ezamone Belge Ltd ... Beschwark Tst Ltd Beneficial Trust Ltd..... Brot Bik of Mid East

City Merchants Bank..... Character Sect Considered Cred Equatiri Ts:Cip pic Franks.Fis Con._____ ION

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R Raphael & Sons ... Rows Bad Scotters 9 Rayal Trest Back 내다면 많기 않으다. Listly Trace PLC..... الاختكاد كالاند [20]

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Elders N.V.

U.S.\$160,000,000 111/s per cent.

Guaranteed Convertible Bonds due 1994

In accordance with the terms and conditions of the Bonds notice is hereby given that the Issuer will, at the option of the holder of any Bond, redeem such Bond on 15th July, 1987 at its principal amount. To exercise such option the Bondholder must deposit such Bond (together with all unmatured Coupons appertaining thereto and together with the form of election of early redemption enfaced on such Bond duly completed) with any Paying Agent not less than 30 nor more than 45 days prior to such date. Any Bond so deposited may not be withdrawn without the prior consent of the Issuer.

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Paying Agents

Banque Générale du Luxembourg S.A. 14 Rue Aldringen Luxembourg 39 Allee Scheffer L-2520 Luxembourd

Swiss Bank Corporation 99 Gresham Street London EC2P 25R

Swiss Bank Corporation (Canada) 207 Queen's Quay We Suite 780, Toronto Ontario MSJ 1A7

May, 1987

Elders N.V.

U.S.\$160,000,000 111/a per cent. **Guaranteed Convertible Bonds due 1994**

unconditionally guaranteed by, with non-detachable conversion bonds issued by, and with conversion rights into Ordinary Shares of

Elders IXL Limited

Adjustment of Conversion Price

NOTICE is hereby given that following a bonus issue of Ordinary Shares made by Elders IVI. Limited at the rate of one bonus share for every seven Ordinary Shares held the Conversion Bonds has, in accordance with the Trust Deed dated 28th June, 1984 (and as amended by a supplemental Trust Deed dated 4th June 1985) Deen adjusted from Australian dollars 18 with effect from 10th Acet 1982.

Swiss Bank Corporation Principal Paying Agent

	··.	Ø Financial	Times Friday May 22 1987
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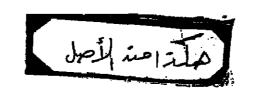
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1.7 18.2 3 BUILDING, ### PROPRIES OF COMMENT OF COMMEN TIMBER, ROADS HOTELS AND INSURANCES | 15.0 27 | 27 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | 17.5 | | INDUSTRIALS (Miscel.) | 1987 | 1781 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882 | 1882



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Financial Times Friday May 22 1987 LONDON SHA	ARE SERVICE
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Table Tabl	Section Sect
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The UK stock market took a further tumble yesterday after the latest UK opinion poll surveys undermined an attempt by London to follow Wall Street's recovery from the shock administered by Citicorn's decision on its latest by Citicorp's decision on its inter-national loans. Although selling was not heavy, the market was 20

was not neary, the man act was for the FT-SE points down at mid-session and returned to its lowest levels at the close despite firmness in New York.
The FT-SE 100 index ended a further 20.3 down at 2153.7, making a net loss of 60.6 over the past two sessions. At 1677.7, the FT continuous index shad 13.1.

Navy.

Weakness in British Aerospace was also prompted by market talk that a Norwegian airline had opted in favour of buying new air.

craft from Boeing.

The implication of Citicorp's There was renewed UK selling of bank shares and the whole of the financial sector remained very nervous of the implications decision to increase its loan loss reserve by some \$3bn continued to reverberate around the big four of Citicorp's move on its loan portclearing banks. An early attempt at a recovery quickly gave way under the pressure of persistent

But overall the picture was less gloomy than market indices sug-gested. Major industrials were mostly lower but the SEAQ ticker disclosed that much of the selling was small. Securities houses were winding down positions ahead of the extended Bank Holiday

This week's shakeout was regarded as fundamentally heal-thy. "We have unwound some overwrought positions very nicely over the past two days," com-mented one leading marketmaker. Market attention again focussed on Relis-Royce which had another

active session, featured by Japanese buying of the small share lots offered by UK holders. Glaxo, a long-standing favourite with Japanese investors, moved up against the trend, and consumer shares recouped some of Wednesday's loss. Shares opened higher but were soon taken lower by the response

to three public opinion polls which indicated a narrowing in the Thatcher Government's lead as UK voters prepare for the general election to be held early next

After sliding lower, the market steadied ahead of Wall Street's opening. But the initial firmness in New York was shrugged off by lers towards London's close. Shell and Jaguar were virtually alone among the US-influenced stocks to end firmer. Imperial Chemical Industries, Lloyds Bank.

Unilever and RTZ all showed sig-Gilt-edged enjoyed a calm trad-

ing session, helped by firmness in US bond prices. After moving within a tight range, prices closed mixed, with the long dates firmer by 's or so and the earlier dates little changed. Turnover in Gilts was light, and

the sector continued to brush off the Citicorp loan moves. While

Further losses in nervous equity sector but

Gilts hold steady in thin trading

Government Secs	21	May 20	May 19	May 18	May	Year				
	92.28			76	15	a 90	High	Low	High	Low
Fixed Interest 9		92.43	92.43	92.32	92.62	92.15	93,32 (8/5)	84.49	127.4 (90/35)	49.18
	97.57	97.73	97.77	97.B2	98.07	97.19	98.54 (13/5)	90.23	105.4	50.53
Ordinary	677.7 1	1690.8	1719.0	1696.4	1,691.6	1,316.3	1,719.0	1,320.2	1,719.0	49,4 (26/6/40)
Gold Mines	6333 ·	439.2	433.3	444.1	429.9	228.3	485.0 (14/4)	288.2	734.7	43.5 (26/10/71)
Ord, Div, Yield	3.42	3.40	3.35	3.40	3.39	4.19			TIVITY	
Earnings Yld.%(fulf)	8.28	8.21	8.09	8.18	8.18	10.37	Indices		May 20	May 19
P/E Ratio (net) (*)	14.87	14.99	15.21	15.05	15.04	11.79		Bargains		151.7
SEAQ Bargains (5 pm) 50	0,412 5	57,059	48,685	50,314	49,571	-	Equity Bary Equity Valu	pirs	1 =	3924 4061.6
Equity Turnover (£11)	– i	-1	2009.46	1373.72	1,739.28	480.98	5-Day Aver	7	1 - 1	
Equity Bargains	l	_ l	60,565	63,A77	60,949	21,097	Gitt Edged	Bargains		147.6
Shares Traded (mr)	-1	-	848.7	574.3	693.7	204.7	Equity Bare	2315 12	:] [398.B 3404.4
	a.m. 88.7	11 2	a.m. 78.5	Noon 1679.3		p.m. 679.3	2 p.m 1680.		p.m. 689.1	4 p.m. 1682.7

growth, while Gainness slipped 3 to 354p. Matthew Brown, strong recently on Scottish & Newcastle bid hopes, drifted back 9 to 659p recently on Scottish & Newcastle bid hopes, drifted back 9 to 659p while Greenall Whitley gave up part of the previous three-day rise at 277p, down 2. Against the trend, Burtonwood improved 7 to 737p. Speculation about the inten-tions of Australian entrepreneur and major shareholder Mr John Spalvin following his appearance at the company's annual meeting boosted Coates Brothers Ordinary 22 to 304p and the A 14 to 253p. Stores managed to make prog-ress, stimulated by hopes of continued buoyancy in consumer spending. Combined English Stores rose 7 to 417p following a widely discounted.

Rells-Royce, in the wake of Spending. Combined English Wednesday's highly successful Stores rose 7 to 417p following a market debut and further heavy trading overnight, advanced counter bid for the company. Next strongly to 154p on reports of further Japanese buying—they appear to be well on their way to reaching their 15 per cent quota—tesching their 15 per cent quota—tesching to profit-taking to consumer strong to the total strong their 15 per cent quota—tesching to profit taking to profit taking to consumer spending. Combined English Stores rose 7 to 417p following a report that Sears is poised to cunter bid for the company. Next is currently bidding for CES, having to profit taking to profit the store of the total strong the store of the

rose 10 to 110p awaiting further

news regarding the possible acquisition of Southern and City Property. Preliminary results from Underwoods failed to match yesterday.

Specialist chemical manufacturers and services group Chemoxy did well in first-time dealings; the shares opened at 210p. and moved up to 225p against a placing price of 185p. Practical Investments, placed at 83p, opened at 83p and moved up to 95p while IISM newcomer GC market expectations and the shares dipped 11 to 198p.

Leaders in the electrical sector mirrored the overall market 95p, while USM newcomer GC com slipped back 6 to 294p on a Flooring and Furnishings touched turnover of 14m shares, while GEC 99p prior to closing at 92p com-pared with a placing price of 76p. The general market uncertainty continued to stifle the response of

leading Breweries to good profits statements. All three majors reporting this week lost fresh

Decitional eased 3 to 2880 after the preliminary figures, but Tyzack Turner advanced 12 to 237p as Mr D. Saunders, a director of the com-pany, reduced his holding to 7.98

per cent. Food Manufacturers eased back in line with the general trend, but Unigate were boosted by news of the proposed sale of its five engineering companies, (Giltspur) and details of major expansion within its poultry division and the price closed 7 higher at 420p. Cad-bury Schweppes were active with some 9m shares traded; the company's US presentation is thought to have gone well, but the shares eased a further 4½ to 241½p reflecting fading takeover hopes. Among Retailers, Dee Corporation rose 10 to 423p as buyers returned, while Bejam, after touching 222p on takeover hopes, fell back to close 9 cheaper on balance at 208p following the company's denial of any bid talks.

Ladbroke closed 3 off 412p; the High Court has dismissed its injunction against Extel in connection with the recent adverse rumours that had been sweeping the City and depressing the share price; Ladbroke have again stated

were a strong market again at 643p, up 33, following comment on the preliminary figures. Ashley Industrial Trust met with persis-

tent speculative buying and touched 123p before closing 16 higher at 112p; the company stated yesterday that in relation to the increase in the share price, it was not aware of any information which calls for an announcement 210p on news of the agreement to acquire A. J. Bingley, a privately owned flexible packaging com-pany based in Bristol for approx-imately £2.86m. Demand revived for J. Wilkes, up 28 at 280p, while recommendation, improved 5 more to 107p. Triefus responded to the preliminary figures and proposed scrip issue taking clipped 15 from LDH at

137p.
Takeover situations, both actual and rumoured, provided the fea-tures in the Leisure sector. Riley, the subject of a share-exchange

offer from Midsummer Leisure, touched 110p prior to closing 2 higher at 106½p on suggestions of a counter-bid from Corton Beach. GRA added 2½ to 125p pending the outcome of bid talks with Priest Marians; the latter slipped 10 to 445p. Owners Abroad, in which International Leisure bolds a stake, gained 14½ to 141½p on renewed takeover hopes.

a stake, gained 14½ to 141½p on renewed takeover hopes.

A slightly easier sterling exchange rate against the dollar encouraged renewed buying of Jaguar. The business largely reflected activity, between marketmakers but some US interest was reported and the shares recvered 8 to 527p. Reliant bounced 4 to 42p following digesbounced 4 to 42p following diges-tion of Wednesday's interim report, which promised a secondhalf return to profitability and a resumption of dividends next year. Component issues were indecided with Lucas Indstries 4 up at 587p and Dewty 4 down at 259p. Distributor Hartwell gained 2 to 115p on belated consideration of the increased annual profits. The felk

and scrip issue. International Thomson dinner on the March quarter loss, the first ever, and settled 30 lower at 704p. Recently-firm Trinity shed 35 to 695p and Home Counties 15 to 500p. Paper/Printings had Delyn Packaging up 25 more at 605p and Encalyptus Pulp 2½ points higher at £20¼, the latter on bid specula-

tion. Course rose 10 more to 106p, also influenced by takeover hopes, while Aspen Cammunica-tions jumped 13 to 440p. An investment recommendation boosted TMD Advertising 5 to 156p. Leading Properties showed lit-tle alteration overall, but selected secondary issue attracted support, not least Dares Estates which spurted 6 to 51p on the announcement that the company had acquired a West End property off Regent Street for £11.7m; the board considers the property offers an exceptional investment opportunity. Arlington Securities, which revealed a major acquisi-tion in the West Country on Wednesday, rose 10 more to 253p.
A flurry of profit-taking ended

NEW HIGHS AND LOWS FOR 1987

performance which reflected the latest opinion polls. British Telecom slipped back 6 to 294p on a turnover of 14m shares, while GEC lost a further 3 to 225p, with 7.3m shares changing hands, on further consideration of Hanson Trust's denial of any bid intentions.

Movements in the Engineering leaders were limited to a few pence. Elsewhere in the sector,

Miscellaneous industrial leaders mixed appearance.

Miscellaneous industrial leaders mixed appearance.

Miscellaneous industrial leaders mixed appearance.

Miscellaneous industrial leaders presented a mixed appearance.

Miscellaneous (25), Canaplanas (7), Shiepens (21), Americans (25), Insustrials (26), Insustrials (26), Insustrials (27), Insustrials (28), Insustrials (28),

Business dropped off in the Traded Options market after Wednesday's record turnover. Contracts totalled 66.295 made up of 40.214 calls and 26.081 puts. Rolls-Rayce attracted 7.537 calls and 2.435 puts. Sears, rumoured to be considering a bid for Combined English Stores, saw 2,310 calls and 5.580 puts. the recent good advance in Ocean Transport and the close was 9 down at 322p.

Sporadic buying interest lifted Drummond 15 to 180p and Dura Mill 7 to 215p, but spasmodic pro-nit-taking took SEET down 6 to 153p and H. Ingram 8 lower to 157p. R. Smallshaw rose 5 to 110p. Securities house Smith New

Traditional Options

First dealings May 18 Last dealings May 29
 Last declaration August 28
 For Settlement Sept 1 For rate indications see end of Unit Trust Service

announce bumper profits; the
shares closed II up at a best-ever
211p. Ex-Lands, 8 off at 72p, surrendered part of the previous session's sharp gain on Cleves Investments' acquisition of a near-15 per
cent stake but Kwahn, which holds
the major shareholding in ExLands, advanced 7 to 55p. Silvermines reacted 6 to 125p.
Energy stocks held up fairly
well until the late dealings when
the appearance of domestic sellers lowered prices across the
board. BP closed 6½ down at
335½p and Shell lost ½ at £12½.
Enterprise shed 4 to 259p despite
annual meeting.

For rate indications see end by
Unit Trust Service
Stocks deal in for the call
including Lloyds Bank, Jaguar,
Metals Exploration, Hughes Food.
GEC, Rolls-Royce, Barker and
Dobson, Bridon, Blackwood Hodge.
Norfelk Capital, Counsercial
Sycamere, Stormguard, Scottish
Metropolitan Property, Rock,
Drilling, Walter Lawrence.
Airship Industries, Sound
Diffusion, Antler and LASMO.
Puts were taken out in NatWest
Bank, Hill Samuel, Glynwed, Racal
and Rank Organisation, while a
double option was arranged in
Convey Peireleum.

TRADING VOLUME IN MAJOR STOCKS

Securities house Smith New Court went higher still on specula-tion that the group would shortly apnounce bumper profits; the shares closed I1 up at a best-ever



British Funds Corporations, Dominion and Foreign Bonds Industriels Financial and Properties Oils Plantations	Rises 45 2 . 455 177 16	Falls 47 20 478 131 41	Same 21 44 609 286 55 12
Mines	25 57	98 89	63 94
Totals	778	905	1,184

LONDON RECENT ISSUES

EQI	ITIL	E\$									
Issue Price	Paid	Latest Remot	<u> </u>	967	Stock	Closurg	+ 0	MeL Dis.		Gross Yield	
	"	Date	High	Low		-				- 4	
§180	F.P.	15/5	218	189	Airtoers10p	218	+1		25	3.4	15.9
6115	F.P.	20/5	165	128	Beltwisch 10p	158		(R3.2	3.7	2.7	13.
§77	F.P.	30%	105	96	#BondedLastinates10a	103		12.4	2.4	3.2	181
ģ <u>115</u>	F.P.	8/5	170	133	Brooks Service Group		*****	هي		3.0	18.4
480	F.P.	85	250		*Barriard Greep			91.2	3.2	0 66	
0.8	F.P.	=	440 135	400 129	Cator Group 50p	430	-5	122.0	26	3.8	13.
130	F.P.	8/5		68	Cambridge Instra. 5p		-1	R0.7	8.8	0.7	14.0
955	F.P.	12%	98		«Cambridge sotope			R20.9	-	0.65	-
\$200	F.P.	11/5	242 226	211 210	*Castle Coopers. Sp	242	+2	R7.0	2.2	4.0	15.4
<u> </u> 185	F.P.	_	15	10	Chemony Inti	225	,	L4.9	2.7	3.0	15.6
115	FP.	85	140	114	Charch (Charles) 59	13 135	+2	R2.75		1 == 1	l
£125	F.P.	=	185	145	+Colorgraphic 10p		_	3.0		2.7	16.
صبر ##	F.F.	. –	310	284	Coathel 50s	284	6	1 80		2.4 3.8	20.
6130	FP.	225	153	145	Cooper (Alan) 10p	150	, -	1 14.0			21.
6125	F.P.	295	154	163	Condell Grown 10p	154		W3.19		3.6	15.1
9125 6135	F.P.	295	180	iš l	Doefles 10g	180	,000	13.45		2.8 2.5	15.8
9255 BJ .	FP.	223	128	ei i	ERA Group 50	128	+2	W	230		30
ยาร์ร ์	F.P.	15/5	225	170	†Epwis Group 10p	225	. –	LAD		24	64.0
§120	F.P.		ī	160	#Filotar 50	180	+2	62.7	28	2.0	22.0 24.J
576	FR		99	76	#GC Floor & Farm's	92	,	11.95	28	2.9	
6112	F.P.	1/5	145	11 5	*HoneysuckieGr*p2p	145		R4.1	25	3.9	16.4 14.3
1120	F.P.		240	185	Madet 50	233		13.0		1.8	25.4
\$120	F.P.	295	127	120	444arch Gross 50	121	-1	142	24	4.6	11.
5114	F.P.	244	360	225	Mercury Asset Mgmt, 50	360		R5.0	4.0	1.9	18.0
- ##	F.P.	_	£23b	£20	Molde Corp Pfd	£214		1	_		20.0
£106	F.P.	_	120	113	#Grchid Technologyii	118	+1	R02.57c	5.2	1.4	13.7
∳B3	F.P.	_	95	88	Practical lors	95		-	=		
₹55	F.P.	3/6	88	64	₩KF Group 10p	86	J	<u>#2.19</u>	24	35	14.9
§140	F.P.		190	163	&RelianceSecGroup5g	190	+10	545	25	32	17.1
170	85]	— 1	147	12812	Rots-Royce 200	145	-2	W4.99	2.7	3.0	14.0
§135	F.P.	'	232 170	163	#Select Appts. 50	233		12.5	28	15	13.3
6125	F.P.	1	170	155	4Steep & Law 100	162		3.0	2.4	2.5	22.2
125	F.P.		260	242	4Sock Steep Intl.5p	239	+1	R1_35	3.8	7.7	46.2
9125	F.P.	2/6	165	158	#UCL Group Sp Waterglade Intl. Sp	160	.,7284	u2.5	2.8	21	22.8
5140	F.P.	155	210	171	Waterplade Intl. 50	210	.,	R3.25	35	21	17.3
.# !	F.P.		21½	520 k	Whirlpool 52.0	£20%		١	- !	- 1	_
130 6120	F.P.		151		Witten Bowder 10p	146		13.4	3.0	3.2	14,3
9133	FP.	294 225	300 148		₹WyevaleGda.Cen.50p	300	+30	12.63	28	1.2	40.7
2033	F-P.]	200	144	-20	YRM 10p	145		R4.41	3.5	22	17.0
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FIXED INTEREST STOCKS

lysae Price 1	Antonist Parti	Lates Remot	19	87	Stock	Closing Price	+ 07
£	UØ	Date	High	Lone		£	i -
\$100 103.89 11 200.3% 99 200.3% 99 200.3% 99 200.3%		25% 295 1188 291 1171 200 128 117 910 128	11 15 15 15 15 15 15 15 15 15 15 15 15 1	394, 35pm 243, 254	Barkson Grp. Cav. Red. Prf. 10p East Angilan Water 7% Red Prf 1996/98 East Angilan Water 7% Red Prf 1996/98 East Signa Cav. Ext. Ext. 1988/90 East Signa Cav. Ext. Ext. 1988/90 East Signa Cav. Ext. Ext. 1988/90 East Signa Cav. Ext. Ext. Ext. Ext. Ext. Ext. 1988/90 East Signa Cav. Ext. Ext. Ext. Ext. Ext. Ext. Ext. Ext	110 137, 117, 111, 99, 25, 10 100, 101, 24, 24, 24, 24, 24, 24, 27, 27,	-1 -12 -14 -14 +1 -17
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Price Paid up	Amount Paid		Lates Renunc	19	67 	Stock	Closing Price	+ 6
] 	Date	Kiğe	Low		2	-	
240	Nit	1077	26рт	22pm	Assoc Book Publishers 20p	26рт		
43	NU		15pm	llpm	Blackwood Hodge	12mm	l	
180	NH NH		_23pm	14pm	Crowther (John)	14pm	-2	
154		37	22 ¹ 20m		Fisher (A.) Sp	16pm	-1	
17	Net	23%	130m		Gold & Base Metal 121-p	12pm		
U_	Nit	29/5	62pm		Im. in Secress Wires.	6-2pm		
110	NH		19pm		Phoena Timber	18pm	- i	
215	Mil	- 1	22pm	18bm	Scottish Heritable Tst.	Z2pm		
105	<u> Nai </u>		42pm	23pm	Tyzack (W.A.) 10p	35pm		

FT-ACTUARIES INDICES

hopes of another base rate cut have now been postponed until after Ejection Day, the sector remains confident that UK rates

British Aerospace met with further heavy selling (some 9.5m shares changed hands) and fell away to close 18 down at 612p, a

two day loss of 40. The reaction took place after an aviation magazine suggested that the \$6.5bn AV-3B Harrier programme with the

US Marines may be in serious trouble following vulnerability trouble following vulnerability tests carried out by the American

selling pressure from nervous UK holders and share prices dipped sharply to close at or ground the

day's lows. On a more positive note, however, dealers said that there was little or no selling pressure evident from recent US and other overseas buyers. US houses, they said, were net buyers of UK banks Midland dropped 24

of UK banks. Midland dropped 24

more to 633p mirroring the bank's substantial overseas debts, while

Lloyds, second in the table of over-seas loans, fell 20 to 523p Barclays

settled 16 easier at 5430 and Nat-

West, with the least exposure to overseas loans and the UK's most

profitable clearing bank, were 12 off on balance at 673p. Insurances included an outstan-

ding feature in C. E. Heath, the broker, which spurted 33 to 498p

on the view that the sharply lower preliminary profits had been

close 2 lower on the day at 145p;

shares were traded

widely discounted.

vesterday.

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS		Thurs	day M	ay 21	1987		Wed May 20	Tues May 19	Mos May 18	(shbuar) são Aest.	
Figures in parentheses show number of stocks per section		Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACTal 27%)	Est. P/E Ratio (Het)	nd adj. 1987 to date	ledex No.	Index No.	Index No.	Indez No.	
1	CAPITAL GOODS (211)	907.32	-0.7	7.44	2.92	16.96	9.07	913.49	928.13	921.37	716.74	
Ž٠	Building Materials (27)	1156.43	-0.6	7.23	2.88	17.23	9.58	1163.13	1178.27	1162 97	794.23	
3	Contracting, Construction (33)	1529.04	-0.3	7.71	3.12	17.46	18.65	1533.19	1549.76	1543.62	1167.60	
4	Electricals (13)	2352.22	+0.1	5.68	3.29	23.64	31.62	2349.02	2370.85	2365.42		
5	Electronics (36)	2060.01	-0.8	7.51	213	17.45	12,00		2131.18		1650.39	
6	Mechanical Engineering (59)	499.26	-0.7	8.43	3.A7	15.12	7.03		510.74		409,89	
8	Metals and Metal Forming (7)	498.13	-0.5	7.46	3.05	16.16	5.36		505.11		347.93	
9	Motors (15)	334.43	+0.4	9.05	3.19	12,73	3.24		339.02		288,47	
0	Other Industrial Materials (21)	1490.36	-1.4	6.20	331	19.37			1525.52		1291.79	
1	CONSUMER GROUP (185)	1257.48	-0.1	6.16	2.60	26.96			1276.54		901.98	
2	Brewers and Distillers (22)	1161.40	-0.6	8.03	3.04	15.82		962.45	1192.71		924.84	
5	Food Manufacturing (25)	957.59 2316.41	-0.5 +0.1	7.28 5.75	3.14 2.49	18.08 23.77	10.90		974.73	2380.05	654.25	
6	Food Retailing (15)	2353.56	-0.4	4.18	145	28.02				2373.08		
7 '		1300.62	-0.7	5.97	3.27	22.08	14.64	1309.61	1326.23		B74.30	
9	Lelsure (31)	654.66	-0.3	6.00	2.52	21.70			662.63		448.03	
2	Publishing & Printing (14)	3668.38	-0.3	6.19	3.08	21.00				3731.88		
4	Stores (37)	1117.13	+0.8	5.98	2.52	22.81			1127.00		883.36	
5	Textiles (16)	750.49	-0.3	7.74	2.73	14.89			755.31		535.37	
ñ	OTHER GROUPS (87)	1051.86	-11	7.77	3.19	16.21	8.19	1063.42	1081.29	1071.26	780.60	
ī	Agencies (17)	1465.10	-0.2	4.86	1.70	27.62			1480.99		0.0	
2	Chemicals (21)	1283.94	-0.9	7.61	3.41	16.12			1318.44		855.26	
3	Conglomerates (11)	1324.40		6.69	3.22	17.63			1344.55		0.0	
5	Shipping and Transport (11)	2141.24	-1.0	7.38	3.71	16.98				2189.59		
7	Telephone Networks (2)	1138.40	-1.9	8.21	3.29	16.60 12.67				1177.23		
8	Miscellaneous (25)	1372.75	-0.7	9.45	3.15				1425.75		1007.48,	
9	INDUSTRIAL GROUP (483)		-0.5	6.92	2.84	18.41			1146.88		833.60	
ř	Oil & Gas (17)	2024.36	-1.2	5.67	4.56	22.84			2099.87		1206.80	
9	500 SHARE INDEX (500)	1200.04	-0.6	6.73	3.09	18.95			1227.66		866.66	
ī	FINANCIAL GROUP(117)	746.89	-0.9		3.91	_	11.06	753.43		749.66	590.03	
Z	Banks (8),	783.63	-2.0	18.05	4.78	7.33	15.49	799.36		802.14	622.37	
5	Insurance (Life) (9)	1017.36	-1.3		4.14				1041.17		815.36	
6	Insurance (Composite) (7)	560.94	-0.3		4.36			562.81	565.11		489.42	
7	Insurance (Brokers) (9)	1195.69 390.00	-0.2	9.03	4.50 3.24	14.23	22.64 2.91	1196.28	1204.78 395.75	1204.76 387.87	1175.02 349.50	
8	Merchant Banks (11)	1135.33	-0.2	4.06	2.57	31.82			393.75 1148.99		759.03	
9	Other Financial (27)	481.01	+0.3	6.87	323	18.54	3.23	479.74		479.23	341.59.	
0	Investment Trusts (94)	996.15	+0.2	0,01	2.35		6.68		1004.31		735.63	
1	Minny Finance (2)	544.37	-2.6	5.62	3.05	20.93	6.79	558.62	548.65		283.76	
ı	Overseas Traders (11)	1043.20		8.51	4.32	14.09			1047.48		693.25.	
9	ALL-SHARE INDEX(724)	1078.92	-0.7		3.20				1103.10		786.71	
-	THE STARE MUSICIFICATION	index	Dav's	Day's	Day's	May	May	May	May	May	Year	
	<u>'</u>	No.	Change	High	Low	20 H	19	18	May 1	14	ago	

	FI)	KED	INTE	REST	i		AVERAGE GROSS REDEMPTION YIELDS Thurs Wed May 21 20	(sbbusz) silo Aest.
	PRICE INDICES	Thers May 21	Day's change %	Wed May 20	nd adj. today	nd adj. 1987 to date	British Government 1 Low 5 years	7.60 8.74 8.77
1 2 3 4	5-15 years Over 15 years (predeemables	124.81 145.73 155.78 168.83	-0.01 +0.15 -0.10	124.89 145.75 155.55 168.99 141.56		4.38 5.03 5.16 6.07 4.88	4 Medium 5 years 8.77 8.74 5 Coupons 15 years 8.96 8.96 6 25 years 8.96 8.96 7 High 5 years 9.09 9.09 9.09 25 years 9.81 9.09 8.91 8.92 8.81	8.86 9.65 9.06 9.00 9.18 9.13 8.66
6 7	Index-Linked 5 years Over 5 years	123.17 119.46	-0.40 -0.45	1	1 - 1 - 1	0.83 1.17 1.13	Index-Linked 11 Inflat'n rate 5% 5 yrs 2.16 2.03 12 Inflat'n rate 5% 0 ver 5 yrs 3.25 3.52 13 Inflat'n rate 10% 5 yrs 1.69 1.56 14 Inflat'n rate 10% 0 ver 5 yrs 3.45 3.42	3.43 3.26 2.23 3.09
	Detentures & Leans	125.16 88.49	1	125.34	_	3.79 2.77	15 Cebs & 5 years 9,69 9,70 16 Loans 15 years 10,07 10,05 17 25 years 10,12 10,09 18 Preference	10.11 10.04 9.98 10.74

nng index 2180.5; 10 am 2170.9; 11 am 2157.5; Noon 2160 4; 1 pm 2159.6; 2 pm 2160.8; 3 pm 2169.8; 3.30 pm 2164.7; 4 pm 2161.9 7 Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constitue is available from the Publishers, the Financial Times, Bracket House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

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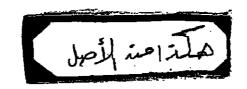
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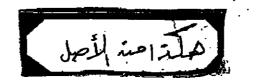


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Paye Paye Paga Pana Pana Pana	S S S	Insurer buys Seagram forecasts end to decline in spirits
Pack Pack PSB Pack Park Park	Second Se	By Our Financial Staff FIREMAN'S FUND, the big US in- BY ROBERT GIBBENS IN MONTREAL
Petri Port Phos Phos Poc	Main 230 258	surance group, and a group of its subsidiaries have acquired a 10.9 per cent stake in Alexander & Alexander & Alexander & Alexander & Alexander Services, the US insurance decline in North American demand decline in North American d
Pions Plyf- Picys Poss Poss	## 121 of 171 of 172 of 173 of	broker, and plan to seek federal regulatory clearance to boost their holdings to more than 15 per cent, brould they decide to do so. However, the company is continuing to stress expansion in the premium wines, coolers and liquor cant on the Seagram balance sheet.
Proce	Scientis	In a filing with the US Securities & Exchange Commission, Fire- man's, spun off in 1985 by American Express, said it had acquired its Madrid Madrid Madrid Madrid Madrid
Print Progl Progl Prof.	1. Series 0.5 20 15 171 1814 16 16 16 17 172 1 1 1814 16 16 16 16 16 16 17 1814 18 18 18 18 18 18 18 18 18 18 18 18 18	Alexander of Alexander stock for investment purposes and not for the purpose or effect of changing or influencing the control of the com- Influencing the cont
Public Public Public CMGC CMGC	10 10 10 10 10 10 10 10 10 10 10 10 10 1	pany. According to the filing, the Fireman's Fund group holds 3.8m Alexander & Alexander shares, including 1.9m shares purchased between the filing from in which Seagram pects a better performance for 1987, Mr Bronfman said after the annual meeting. So far both the drinks business and Du Pont, the US chemical group in which Seagram Madrid Madrid
Organ Gripo Gripo Gripo Gripo	THE TIPE TOTAL TIPE TO THE TOTAL THE TIPE TOTAL THE TIPE TO THE TOTAL THE TIPE TOTAL THE TIPE TOTAL THE TIPE TO TH	April 13 and May 13 at \$23.47 to S28.07 a share. has a 22.5 per cent stake, are doing son Edgar Junior, who is president better than in 1988. Seagram is actively negotiating a ny's US marketing arm, would successful.
	LONDON (In pence unless otherwise indicated) Owners Ahr. 141% + 14% BD 385% - 5% Smith New Cet. 211 + 11 Circaprint 168 - 15	rently intend to purchase additional common shares in the open market nor in privately negotiated transactions or otherwise." joint manufacturing and marketing coed him at the head of the whole company "all things being equal." However, he said he had no plans to retire at his present age of 57.
	RISES: Ash Indl Tst 112 + 6 Drummond 180 +15 Unigate 420 + 7 Ingram (H) 157 - 8 Av. Rubber 643 +33 Encal Pulp 220% + 2% Upton (E) A 110 +10 Lloyds Rk 523 -20 Roots Bros. A 253 +14 Heath (C.E.) 498 +33 Contrad Hidgs 106 +10 Jaguar 527 + 8 Corp. 242 +10 Kwahu 55 + 7 Bejam 208 - 9 Underwoods 198 -11	Have your F.T. hand delivered every working day, if you work in the business centres of LISBOA & PORTO Lisboa 887844 And ask Roberto Alves for details.

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

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Financial Times Friday May 22 1987

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FINANCIAL TIMES

WORLD STOCK MARKETS

Paul Cheeseright on a move to spread ownership of buildings

AMERICA

Gains limited as interest rate doubts continue

WALL STREET

BREAKING a five-session losing streak, Wall Street share prices rose modestly yesterday in light try to influence the outcome of Texvolume, writes Roderick Oram aco's \$10.3bn legal battle with Pennin New York

Credit markets, helped by a firm-er dollar, pushed up Tresaury bond prices by almost one point in early trading before giving up almost all

The Dow Jones industrial average closed up 9.90 points at 2,225.77. higher earnings yesterday, Fire-its inability to hold on to gains stone Tire and Rubber rose \$\%\$ to Its inability to hold on to gains which reached almost 20 points in the morning and late afternoon in- \$61%. dicated investors continuing uncertainty about the course of interest rates. Over the previous five sessions it had fallen 114 points or 4.89 of a Federal Reserve discount rate

Broader market indices showed comparable gains with the Stan- at the long end in early trading but dard & Poor's 500 adding 1.96 to slipped back later. 280.17 and the New York and American stock exchange indices adding 8.75 per cent Treasury long bond 1.05 to 158.07 and 0.67 to 322.54, respectively.

was up only ½2 of a point at 96% yielding 9.05 per cent. At the short

NYSE volume was thin at 165.1m end of the markets, three-month shares, although advancing issues outnumbered those declining for the first time in eight sessions by a margin of three-to-two.

Bank stocks continued to rise in the wake of the market's favourable ing that markets were returning to reaction to Citicorp's huge increase in loan-loss reserves. It was the short-lived flight to qual most active NYSE issue with 2.8m wake of Citicorp's news. shares traded as it rose \$2% to

Manufacturers Hanover, which had been hardest hit in the wake of had no plans to follow Citicorp's ac-Citicorp's news, added \$% to \$39%, tion on loan-loss reserves. BankAm-Chase Manhattan gained \$1% to erica, which said it had no intention \$36% despite postponing a \$200m of adding to reserves, went ahead note issue, and BankAmerica, the with an issue. most fragile of the big banks, was unchanged at \$1 L

Other interest-rate sensitive stocks - such insurance, savings and loans and financial service companies - rose as interest rates eased slightly. Aetoa Life added \$% to \$56%, CIGNA gained \$% to \$57%, Great Western Financial rose \$2 to \$48 and American International Group rose \$1% to \$62%.

Technology, drug and paper stocks resumed the market leadership role they had played before the ship role they had played before the lion prices and the stronger US dollar, offsetting a modest advance by \$157, Unisys gained \$\% to \$113\%, Merck advanced \$1% to \$150%, Upjohn added \$1 to 45%, International Paper rose \$% to \$66%. Burlington Industries rose \$2% to

575%. The largest textiles producer in the US agreed to be acquired for \$76 a share by a company formed by Morgan Stanley, the investment

The move apparently thwarted a \$72-a-share bid from Mr Asher Edelman, the New York investor, and Dominion Textile of Canada. Morgan Stanley rose \$% to \$70%. Chrysler gained \$\% to \$34\% on

trading of more than 1.0m shares. Renault, the French vehicle maker. approved the sale of its American Motors subsidiary to Chrysler. American Motors was uncha

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Zürlch

CANADA

Texaco was unchanged at \$37% on heavy trading. Mr Robert Holmes a Court, the Australian in-

vestor, has taken a 6.4 per cent stake, raising speculation he would

aco's \$10.3bn legal battle with Penn-

Alexander & Alexander fell \$% to

\$25%. Fireman's Fund, unchange

at \$35, has bought a 9.2 per cent stake in the insurance service and

Among companies reporting

\$36% and Campbell Soup fell \$1/2 to

Credit markets were helped by a

increase and economic news today.

Bond prices rose almost one point

slipped back later. By late afternoon the price of the

Treasury bills fell about seven basis

points to a bond yield equivalent of

five basis points, however, indicat-

more normal spreads following the

short-lived flight to quality in the

Chase Manhattan postponed a

\$200m note issue because it would

The key economic news due to-

day is April's consumer price index.

A rise of about 0.5 per cent from March is expected, which could

make the markets a little jittery

about an increase in the rate of in-

GOLDS fell sharply in Toronto in

reaction to lower international bul-

most other stock groups.

lion prices and the stronger US dol-

Lac Minerals fell CS1 at C\$47%

Bank stocks made modest gains

and International Corona \$1% at

after losing ground the previous two days. Royal Bank rose CS% to

C\$32%, Toronto Dominion C\$% to

C\$27% and Bank of Montreal C\$%

The recovery on Wall Street took

up industrials interlisted on US ex-changes. Seagram gained C5% at

C\$93, Northern Telecom C\$% at C\$25 and Bell Canada C\$% at

Rothmans surged C\$13% to

C\$78% after announcing a special

payout of C\$40 a share to reduce a

cash surplus after its recent sale of

FT Gold Mines

COMMODITIES (London)

BOLD (\$/oz)

May 21

\$18.60

533.95p 555.30p £908.50 £915.00 £1,370.00 £1,360.00

May 21 Prev \$470.00 \$475.25

\$489.45 \$475.75 \$468.49 \$473.21 \$470.35 \$480.85 \$470.30 \$472.10

\$18.65

brewers Carling O'Keefe.

CANADA

to C\$33%

not guarantee underwriters that it

Rates on bank paper fell about

5.68 per cent.

zoil which rose \$4% to \$85%.

London approves single property listing Demand-related

THE UK Stock Exchange yester-day launched a new market when it published new rules for the listing of companies and trusts whose sole asset is a single

The new market will deal in units of a single property or equi-ty and debt securities of a company owning a single property. Trading is likely to begin in July.

The publication of the listing requirements, in the form of ad-ditions to the Stock Exchange Yellow Book of regulations, comes two years after the Royal

SENTIMENT in Europe was im-proved by a stronger dollar, and a technical reaction to Wednesday's

sharp losses left bourses generally

firmer. Institutional bargain-hun-

ting dominated, however, and the underlying mood remained de-

ting, underpinned by favourable company news. The dollar's recov-

ery nelped share prices upwards, and the Commerzbank index, calcu-

lated at midsession, rose 0.6 points

Banks gained ground after Wednesday's losses, with Dresdner clos-

ing DM 5.50 higher at a session

peak of DM 320, despite news that

business had become more difficult

this year with a narrowing interest

margin. Management board spokes-

ditions for the securities business

that West German new-car registra-tions rose 8.6 per cent to 318,609 in

Institution of Chartered Survey-ors first proposed the introduc-tion of single property invest-ment vehicles.

The impetus behind the creation of a new property market has been concern about the lack of liquidity in the property in-dustry. Only a few of the largest, financial institutions have the capacity or the desire to buy the argest properties.

It is hoped that splitting up the wnership of properties into mits or securities, readily tradeable and with a relatively low

EUROPE

Stronger \$ reinforces

mild technical recovery

NERVOUSNESS over the latest

UK opinion polls overcame the positive effects of a firmer Wall Street and London equity prices took a further tumble. There was further selling of bank sisares in

a generally fittery financial sec-

The FT-SE 100 index closed 20.3 down at 2,153.7 - making a

net loss of 69.5 over the past two

Government bonds firmed slightly on the back of stronger US bond prices. Long maturities unded the stronger under the stronger

dded % with shorter-term dates

little changed. Details Page 48.

after news that it was unlikely to

Zurich firmed on strong demand

banks improved, with UBS bearer

per cent increase in sales between cent rise in net profit last year and ler on the first day of the new ac-January 1 and May 15 this year, proposing a higher dividend. counting month, with losses includ-and put on DM 8 to a high of DM In foods, Nestlé bearer edged lowing engineering and electrical

Among chemicals, BASF rose ment's continuing language row. A some late foreign buying lifting DM 2.90 to DM 273.90, Bayer gained lackhastre market remained over-the day's lows. Internationals drew attention, with Roywas up DM 5 to DM 530.

Among chemicals, BASF rose ment's continuing language row. A some late foreign buying lifting prices above the day's lows. Internationals drew attention, with Roywas up DM 5 to DM 530.

er and registered and certificate groups

istered SFr 30 to SFr 860.

fell 13.1 to 1,677.7.

man Mr Wolfgang Roeller said con- edged down DM 0.50 to DM 163.50

Commerzbank put on DM 8 to for banking stocks, insurers, hold-

Cars were supported by news gaining SFr 80 to SFr 4,480 and reg-

was also boosted by news of an 11 SFr 6,000 after reporting a 21.7 per

VW rose DM 10.50 to DM 357 and posted minor gains.

Daimler gained DM 15.50 to DM Brussels was dep

Metals processor Degussa gained earlier this week.

April compared with March, BMW terthur bearer pick up SFr 150 to cators.

DM 253, while insurer Allianz ings and selected industrials. Major gained DM 30 to DM 1,635. ings and selected industrials. Major banks improved, with UBS bearer

were less favourable than in recent pay a dividend on 1987 earnings.

s. The FT Ordinary index

LONDON

The Stock Excha tions have been drawn up to ac-commodate the offer to the market of three types of single prop-erty investment vehicles: • single asset property compaes, with issues of equity and

 single property ownership trusts, the holders of whose units would own the property and share in its rental income; • property income certificates, which would entitle holders to a

recovery late in the day slowed down the overall decline. Oil firm

Petrofina gained ground after an

early sell-off to close at BFr 10,950,

just BFr 25 down from Wednesday. Royale Belge continued to fall at the end of an apparent takeover

battle for its control, closing BFr

Stockholm gained on technical

factors as the bourse posted its strongest gain in six weeks helped by lower interest rates, but pessi-

mism from earlier in the week re-

Volvo, which fell SKr 2 to SKr 300

ex-dividend, was heavily traded am-

id strong buying interest after Wed-

nesday's first-quarter results

proved in line with market expecta-

Electrohux gained SKr 8 to SKr 308 ahead of its first quarter re-

sults, which showed only a margi-

nal profit rise despite a 50 per cent

jump in turnover caused by a string

the French economy's poor perfor-

mance. News on Wednesday night

of a FFr 3.6bn trade deficit for April

Arms manufacturer Luchaire fell

Unilever F1 3.40 to F1 631.50 and Ak-

demand in the insurance sector

listings of the Carlo De Benedett

Milan rose slightly on improved

zo Fi 1 to FI 129.50.

of acquisitions.

A firm insurance sector saw Win- added to recent disappointing indi-

Brussels was depressed by local factors, particularly the Govern-

240 down at BFr 5,600.

particular property and a share in the management company

be based on a property with a value of at least 110m. The property has to be owned freehold or on a lease of at least 118 years. The new market is not designed to finance development projects. Rather, it is aimed at spreading ownership of existing buildings and at permitting com-

running that property.

The regulations spe The regulations specify that any offering to the market nursi

issues lead sharp recovery

TOKYO

SMALL-LOT buying of large capi-tal stocks and those related to domestic demand pushed Tokyo prices sharply higher yesterday, writes Shigeo Nishiwaki of Jiji

however, as uncertainties about the economic outlook and interest rate trends deterred institutional inves-

The Nikkei average, which suffered the second biggest single day loss of 658.28 on Wednesday, ended 334.41 higher at 23,754.01. Volume reached 752.09m shares compared

list with 42.57m shares traded and rose Y9 to Y345. Nippon Kokan added Y17 to Y317 and Ishikawajima-Harima Heavy Industries Y50 to Y888.

well in afternoon trading. General contractors and properties firmed, with Taisei gaining Y70 to Y1,210, Kajima Y80 to Y1,940, Mitsui Real Estate Y230 to Y2,980 and Mitsubishi Estate Y120 to Y2,970.

He said many Thai companies would welcome such securities,

takeover bids or allow shareholders to interfere with their management. Foreign investment in Thai stocks increased dramatically in the second-half of 1988, but slowed early this year after foreign inves-

tors' holdings in popular issues ap-proached legal ceilings. Foreign ownership in Thai banks is limited to 25 per cent and in most other businesses to 49 per cent. The SET said foreign investors

bought Thai stocks worth 2.15bn baht (\$64m) in the fourth quarter of 1986, up from 957m baht in the third quarter and 188m baht a year earli-

er quality and Malaysian issues a record close as the market absorbed bouts of profit-taking on blue chips.

The Straits Times industrial in-

dex rose 9.08 to the new high of 1,216.91.

day's biggest gainers, picking up 30 cents to \$39.95. Shangri-La climbed 12 cents to \$\$5.10 and Inchcape 8

Thailand may allow non-voting shares

THE Securities Exchange of Thailand (SET) is studying the possibili-ty of allowing listed companies to issue non-voting rights shares to in-crease the supply of stock on the exchange, Reuter reports from Bangkok,

The SET president, Mr Maruay Phadungsith, said he believed non-voting rights, or "B" category shares, could promote further foreign investment in the Thai ex-change, following the active over-seas buying of most Thai blue chips ast year.

Mr Phadungsith said the SET had asked its legal advisers to de-cide if Thai law allows listed companies to introduce B shares.

which would not expose them to

SINGAPORE

HEAVY institutional buying of low-

The market still lacked vigour,

with Wednesday's 827.55m. Advances led declines by 535 to 377, with 116 issues unchanged. Nippon Steel topped the active

Budget-sensitive stocks fared

Daiwa House surged Y150 to Y2,400 and Sekisni House Y210 to Y2,320, while Toto ended Y130 higher at

Power and gas ufilities turned up. Tokyo Electric Power and Tokyo Gas closed Y100 and Y70 higher at Y8.100 and Y1,310, respectively. Financial issues recovered some

ground from Wednesday's nose-dive following reports that Citicorp would add \$3bn to its loan-loss reserve to write off bad loans to devel-

oping countries. Nomura Secur nura Securities added Y100 to Y5,020, but buying enthusiasm was weaker among other financials, particularly city banks which have big outstanding loans to developing countries. Sumitomo Bank and Fuji Bank closed only Y10 and Y20 higher at Y4,330 and Y3,820, respect ly, while Mitsuhishi Bank fell Y30 to Y3,770.

foreign buying. NEC ended Y30 higher at Y1,730.

ness year to March, due to the cents to HK\$22.20 and Hang Seng strong yen. TDK shed Y70 to Y3,080 Bank HK\$1.25 higher at HK\$37.75. strong yen. TDK shed Y70 to Y3,080 and Fanue Y150 to Y4,900. and Fanue Y150 to Y4,900.

Niigata Engineering, the second some stocks and Cheung Kong most active stock with 26.10m picked up 25 cents to HK342.00.

on investor appraisal of its advance into the food biotechnology busi ness. Tokyotokeiha leapt Y56 to Y770 on rumours that the Tokyo Metropolitan Government, the big-gest shareholder of the borse-rac-ing track operator, will unload its

Bond prices moved violently. In early trading, some dealers stepped up buying of the benchmark 5.1 per cent government bond, maturing in June 1996, helping to push down its yield to 2.820 per cent.

In afternoon trading, however selling pressure grew on reports that the Bank of Japan plans to shorten the bond trading settle ment period from the present 10 days to a uniform four days to curb speculative bond trading. As a result, the yield on the benchmark issue turned higher, ending at 2.990 per cent compared with a 3.005 per cent at Wednesday's close.

AUSTRALIA

GOLD SHARES fell sharply as the bullion price dipped, wiping out Wednesday's gains and leading Sydney prices down across a broad front. The All Ordinaries index closed 9.8 lower at 1,845.9. The gold sector index, which rose 51.5 on Wednesday plunged 52.9 to 3,567.4.
Lower golds included Emperor,
40 cents down at A\$9.30 and Whim Creek, which lost 50 cents to A\$13.00. Other miners also softened, with CRA 20 cents down at

A\$10.70 and Western Mining 12 cents off at A\$8.00. Weakness in London and New York share markets hit blue chip industrials. News Corp was 80 cents weaker at A\$19.40. Elders D.L. feil 16 cents to A\$4.40. BHP moved gainst the trend, however, with a 26 cent rise to A\$10.20.

QBE Insurance jumped A\$1.50 to A\$14.00, the price of a takeover offer announced on Thursday from Oilmet Investments.

HONG KONG

CONTINUED SELLING pushed Hong Kong share prices lower in thin and directionless trade, The High-technology issues, which thin and directionless trade. The performed strongly on Wednesday. Hang Seng index lost 7.19 to were mixed. Matsushita Electric In- 2.870.91. Turnover was down to dustrial jumped Y20 to Y1,690, bol- HK3713.76m from Wednesday's stered by investment trusts and HK\$1.1bm. Worries over the Latin American

debt exposure of Hongkong Bank's Conversely, Sony lost Y40 to Y2,670, depressed by Wednesday's so dragged prices lower. Hongkong Bank fell 20 cents to HK\$8.20. Otherwise maker had suffered an operating loss of Y6.6bm in the business of Y6.6bm in the Y6.6bm in

SOUTH AFRICA

DM 3.50 to DM 523.50 but Preussag Prices fell in quiet trading, but a

group and selective financials.

Madrid eased on profit-taking.

R1.50 to R84.50. Freegold was 75 Brewers held steady at R19.50. Re-

down Johannesburg gold shares, also off, with Rustenburg Platinum with bank shares losing ground. Sold dropped on heavy profit-taking, with bank shares losing ground. Oslo dropped on heavy profit-taking in oil stocks, which showed light trading. Industrials mirrored the fall. Gold beliwether Vaal Reefs page. Gold beliwether Vaal Reefs gave Elsewhere, leading industrial up R11.00 to R439.00, Buffels lost share Barlow Rand gave up 25 R2.50 to R73.50 and Driefontein slid cents to R26.50 and South African

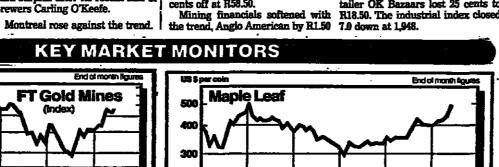
KEY MARKET MONITORS

400

June 87-31 88-28 US Treasury Pills (IIIII) S7m points of 100% June 94.10 94.13 Certificates of Deposit (I

92.44

32nds of 100% 126-03 125-08



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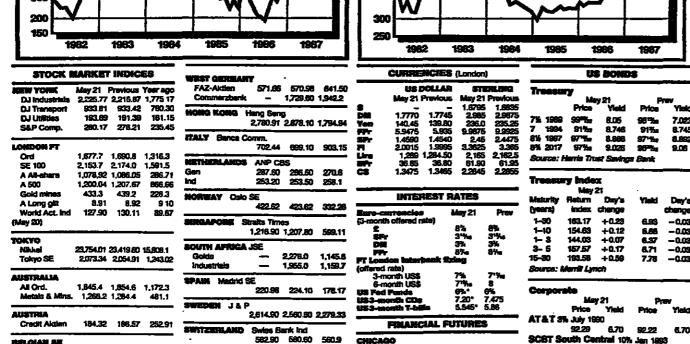
rp 9% Merch 2016

89.00

Source: Salomon Brothers

fotors 8% April 2016 82.00 10.05

10.60



NOTICE OF REDEMPTION

THE PROCTER & GAMBLE COMPANY

Extendible Notes Due December 15, 1994

NOTICE IS HEREBY GIVEN that, pursuant to paragraph 7(c) of the Terms and Conditions of the Notes described above (the "Notes") the Company has elected to and shall redeem on June 15, 1987 (the "Redemption Date") U.S. \$10,000,000 aggregate principal amount of Notes at a redemption price of 101% of the principal amount thereof (the "Redemption Price"), plus accrued interest from Decamber 15, 1986 to the Redemption Date in the amount of \$54.38 for each \$1,000 principal amount of Notes. The serial numbers of the Bearer Notes selected for redemption are as follows:

OUTSTANDING BEARER NOTES IN THE DENOMINATION OF U.S. \$1,000 EACH BEARING THE FOLLOWING SERIAL NUMBERS: THROUGH 3901 19001 20501 24001 40001 OUTSTANDING BEABER NOTES IN THE DENOMINATION OF U.S. \$10,000 EACH BEARING THE FOLLOWING SERIAL NUMBERS: THROUGH THROUGH

The Notes shall become due and payable on the Redemption Date at the Redemption Price, plus accrued interest, which shall be paid upon presentation and surrender of the Notes, together with all coupons thereto appertaining maturing after the Redemption Date, at the paying agents

The Notes to be redeemed will no longer be outstanding on and after the Redemption Date, interest on the Notes will cease to accrue from and after the Redemption Date, the coupons for such interest shall be void, and the sole right of a Note holder shall be to receive the redemption price plus interest accrued on such Note to the Redemption Date.

Payments at the office of any paying agent will be made by check drawn on a bank in New York City or by transfer to a dollar account maintained by the payee with a bank in Europe. Following this redemption, U.S. \$3,000,000 aggregate principal amount of Notes will remain outstanding.

Morgan Gusranty Trust Company of New York Morgan House, 1 Angel Court London EC2R 7AE, England Morgan Guaranty Trust Company of New York Mainzer Landstrasse 46 6000 Frankfurt-am-Main st Germany Morgan Goaranty Trust Company of New York Amsterdam-I Postbus 283 43 Boulevard Royal Boite Postale 1108 Luxembourg, Luxem

THE PROCTER & GAMBLE COMPANY By: Morgan Guaranty Trust Company OF NEW YORK, Fiscal and Paying Agent

Dated: May 15, 1987

Union Bank of Switzerland Bahmhofstrasse 45 CH-8021 Zurich Switzerland

هكذا من الأمهل